



2019 Cost Report Instructions for 24RCC

24 Hour Residential Child Care Program

For assistance with:

Report completion

Rate Analysis Customer Information Center

Phone: (512) 424-6637 or Email: RAD-LTSS@hsc.state.tx.us

Receipt of the report

Phone: (512) 438-2680 or Email: costinformation@hsc.state.tx.us

Report Groups assigned to provider's entity

Phone: (512) 438-2680 or Email: costinformation@hsc.state.tx.us

Report Preparers or the list of trained Preparers

Phone: (512) 438-2680 or Email: costinformation@hsc.state.tx.us

Adding Contacts or issues with your State of Texas Automated Information Reporting System (STAIRS) Login:

Fairbanks, LLC. Phone: (877) 354-3831 or Email: info@fairbanksllc.com

Table of Contents

| | |
|--|----|
| State of Texas Automated Information System (STAIRS) | 5 |
| Purpose of a Cost Report..... | 6 |
| Who Must Complete This Report? | 6 |
| General | 7 |
| Due Date and Submission..... | 8 |
| Reporting Period | 8 |
| Website | 8 |
| Failure to File an Acceptable Cost Report | 8 |
| Extensions Granted Only for Good Cause | 8 |
| Standards for an Acceptable Cost Report | 9 |
| Return of Unacceptable Cost Reports | 9 |
| Amended Cost Reports..... | 10 |
| Accounting Methods..... | 10 |
| Cost Report Certification | 10 |
| Direct Costing | 11 |
| Split Payroll Periods | 11 |
| Cost Allocation Methods | 11 |
| Recordkeeping | 13 |
| Recordkeeping for Owners and Related Parties | 13 |
| Retention of Records | 14 |
| Failure to Maintain Records..... | 14 |
| Access to Records | 14 |
| Field Audits and Desk Reviews of Cost Reports | 14 |
| Notification of Exclusions and Adjustments..... | 15 |
| Informal Review of Exclusions and Adjustments..... | 15 |
| Common Cost Reporting Errors | 16 |
| Definitions | 18 |
| Detailed Instructions | 28 |
| General System Navigation..... | 28 |
| User Interface and Dashboard..... | 29 |
| Combined Entity Data | 30 |

| | |
|---|----|
| Step 1. Combined Entity Identification | 30 |
| Step 2. General Information | 31 |
| Step 3. Contract Management | 32 |
| Step 3.a. Verify Contracts for Requested Reports | 32 |
| Step 3.b. Enter Other Business Components (Other Contracts, Grants or Business Relationships with the State of Texas or any other entity, or other funding sources) ... | 33 |
| Step 3.c. Verify Business Component Summary | 34 |
| Step 4. General Information | 35 |
| Step 5. Placement Days and Revenue Entry | 39 |
| Step 5.a. Bed Hold Days and Revenue | 39 |
| Step 5.b. Placement Days | 40 |
| Step 5.c. Foster Family Pass Through Expenses | 40 |
| Step 5.d. Revenue Offsets | 41 |
| Step 6. Wages and Compensation | 43 |
| Step 6.a. General Information | 43 |
| Step 6.b. Related-Party Wages and Compensation | 44 |
| Step 6.c. SSCC's Subcontractor Payments | 46 |
| Step 6.d. Non-Administrative and Operational Personnel..... | 47 |
| Step 6.e. Administrative and Operations Personnel | 50 |
| Step 7. Payroll Taxes and Workers' Compensation | 53 |
| Step 8. Facility and Operations Costs | 55 |
| Step 8.a. General Information..... | 55 |
| Step 8.b. Related-Party Non-depreciable Equipment and Supplies | 57 |
| Step 8.c. Related-Party Loans | 59 |
| Step 8.d. Related-Party Contracted Services | 61 |
| Step 8.e. Depreciation Expense and Related-party/Purchase of Depreciable Assets | 64 |
| Step 8.f. Non-Related Party Facility, Operations, Administrative and Other Direct Care Costs | 72 |
| Step 8.g. Facility and Operations Costs Summary | 87 |
| Online Verification and Submission | 87 |
| Step 9. Preparer Summary Verification..... | 88 |
| Steps 10 and 11. Preparer Certification and Entity Contact Certification | 89 |
| Step 12. Provider Adjustment Report | 93 |

| | |
|--|-----|
| Step 13. Agree/Disagree | 93 |
| Step 14. HHSC Informal Review | 96 |
| Appendix A. Uploading Documents into STAIRS | 97 |
| Appendix B. Allocation Methodologies..... | 97 |
| Appendix C. Educational Services | 106 |
| Appendix D. List of Useful Lives for Depreciation..... | 108 |
| Appendix E. Self-Insurance..... | 109 |
| Appendix F. Importing Data into STAIRS | 110 |

Changes from prior reports

On **Step 4** General Information – A question was added asking if you did provide Units of Service for the cost reporting period. If not, you may be excused from having to file this report.

On **Step 6.b.** Related Party - Business *Component* & Line Item Allocation added a new line item for Contracted Management.

Note: there have been changes to the table in step 6a, please be sure to take notice of reporting area changes.

State of Texas Automated Information System (STAIRS)

STAIRS is the web-based system for long-term care Medicaid cost reporting in the State of Texas. The system is in use for all long-term services and supports programs that are required to submit cost reports: the 24-hour Residential Child Care (24RCC) program; the Intermediate Care Facility for Individuals with an Intellectual Disability or Related Condition (ICF/IID) program; the Home and Community-based Services (HCS) and Texas Home Living (TxHmL) waiver programs; the Nursing Facilities (NF), Primary Home Care (PHC) and Community Living Assistance and Support Services (CLASS) programs (including both CLASS Case Management Agency (CLASS CMA) and Class Direct Service Agency (CLASS DSA) providers) via the CPC (CLASS/PHC) Cost Report; the Day Activity and Health Services (DAHS) program; and the Residential Care (RC) program.

It is very important that the preparer read these instructions carefully.

Login IDs and passwords do not change year-to-year. The provider's designated Primary Entity Contact can access STAIRS via the links given in the email notifying them of their login ID and password. If the provider is new for 2019, the provider's Primary Entity Contact should receive an e-mail with their login information. If the provider's Primary Entity Contact has not received an e-mail with their login information, they need to contact costinformation@hsc.state.tx.us. Preparers can only access STAIRS if they have been designated as the Preparer by the Primary Entity Contact and have received an e-mail notifying them of their login ID and password for STAIRS.

Cost Report Training

All Texas Health and Human Services Commission (HHSC) sponsored cost report training will be offered via webinar. There will still be separate webinars for new preparers and for those who have taken cost report training in previous years for each program. Each webinar will include both the general and program-specific content for a program.

Upon completion of the appropriate webinar, preparers will be given the appropriate credit to be qualified to submit a cost report. Attendees of a Cost Report Training webinar will not receive a certificate as HHSC Rate Analysis will track training attendance internally. Additionally, there will be NO Continuing Education Units (CEUs) or Continuing Professional Education (CPEs) credits for completing a cost report training webinar.

In order to be able to submit a 2019 cost report, a preparer must attend the 2019 Cost Report Training Webinar. Preparers without the proper training credit will not be able to access the STAIRS data entry application.

Purpose of a Cost Report

The purpose of a Medicaid Cost Report is to gather financial and statistical information for HHSC to use in developing reimbursement rates. Some cost reports are also used in the determination of accountability under the Attendant Compensation Rate Enhancement program.

Who Must Complete this Report?

Each residential child care provider who had a contract with the Texas Department of Family and Protective Services (DFPS) to provide residential child care services during the provider's 2019 fiscal year is required to submit a 2019 24 Residential Child Care Cost Report to HHSC.

The provider must submit a separate cost report for each separately licensed facility that the provider operates. If two or more facilities share a license, but function as separate and distinct facilities, each of them must submit a cost report that covers its own revenues, expenses, and statistics. The cost report must cover all of a provider's 24 RCC activities at the licensed facility during the reporting period, including all 24 RCC programs that are not DFPS-related.

Child Placing Agencies (CPAs) are required to submit only a cost report for the corporation itself. Child placing agencies with regional specific licenses that operate as one legal entity must submit one cost report for the entire legal entity.

Single Source Continuum Contractors (SSCC) are required to submit only one cost report for the SSCC contract.

If you are licensed as a General Residential Operation (GRO) or Residential Treatment Center (RTC), it may be possible that you have a designation on your license for Emergency Care Services. If this is the case you will need to complete two separate cost reports, one for the GRO or RTC and one for the Emergency Care Services.

If you are a Residential Treatment Center (RTC), it may be possible that you also provided Intensive Psychiatric Transition Program (IPTP) services. If this is the case you will complete one cost report making sure to include the total IPTP days of service in **Step 5b**.

A provider must complete and submit a 2019 24 RCC Cost Report for each contract unless excused from the requirement to submit a cost report based on meeting one or more of the following conditions:

- The contract with DFPS was terminated or was not renewed;
- Provided only Basic Level Services;
- The total number of state-placed days was 10 percent or less of the total days of service;
- The total number of DFPS-placed days was 10 percent or less of the total days of service;

- For facilities providing emergency care services only, the occupancy rate was less than 30 percent; OR
For all other facility types except child-placing agencies and those providing Emergency Care Services, the occupancy rate was less than 50 percent during the cost-reporting period.

Contact HHSC Rate Analysis at radcostreportverification@hhsc.state.tx.us to determine if you qualify for an excusal.

General

This cost report is governed by the following rules and instructions.

- Texas Administrative Code (TAC):
 - 40 TAC §§732.240-732.256 and;
 - 1 TAC §§355.102
 - 1 TAC §§355.105-355.111
 - 1 TAC §§355.7101-355.7103
- Office of Management and Budget (OMB) Circulars:
 - A-87 (for state and local governmental entities);
 - A-122 (for nonprofit and for-profit corporate entities) and;
 - A-110 (for all RCC providers).
- Code of Federal Regulations (CFR):
 - 45 CFR, Part 74
 - 48 CFR, Part 31
- The *Instructions* for completion of the report
- The 2019 general and program-specific Cost Report training materials.

As stated in 1 TAC §355.105(b)(1), federal tax laws and Internal Revenue Service (IRS) regulations do not necessarily apply in the preparation of Texas Medicaid Cost Reports. Except as otherwise specified in HHSC's Cost Determination Process Rules, cost reports must be prepared consistent with generally accepted accounting principles (GAAP). Where the Cost Determination Process Rules and/or program-specific rules conflict with IRS, GAAP or other authorities, the Cost Determination Process Rules and program-specific rules take precedence.

In order to properly complete this cost report, the preparer must:

- Read and follow these instructions;
- Review the provider's most recently audited cost report and audit adjustment information. The most recently received adjustments are likely those for the 2017 Cost Report (if adjustment information has not been received, call (512)438-2680;
- First time preparers must attend an Initial Cost Report Training Webinar session and receive credit for the 2019 Cost Report Training sponsored by HHSC. Preparers without the proper credit will not be able to access the STAIRS data entry application.

- Create a comprehensive reconciliation worksheet to serve as a crosswalk between the facility/contracted provider's accounting records and the cost report; and
- Create worksheets to explain adjustments to year-end balances due to the application of cost reporting rules and instructions.

Due Date and Submission

The cost report is due to HHSC Rate Analysis on or before **April 30, 2020**.

All attachments and signed and notarized certification pages must be uploaded into STAIRS.

Reports will not be considered "received" until the online report has been finalized and all required supporting documents uploaded. See *Appendix A. Uploading Documents into STAIRS*. Documentation mailed rather than uploaded into the system will not be accepted.

1 TAC §355.105(c)

Reporting Period

The reporting period is generally the time during the contracted provider's 2019 fiscal year during which its contract was in effect. The reporting period must not exceed twelve months. The beginning and ending dates are pre-populated. If provider believes the pre-populated dates are incorrect, it is extremely important to call (512) 438-2680 before continuing with cost report preparation. Refer to the *Instructions, Step 2* for additional assistance.

Website

The HHSC Rate Analysis website contains program specific cost report instructions, cost report training information and materials and, payment rates. Additional information and features are added periodically. We encourage you to visit our website at the following link: <https://rad.hhs.texas.gov/long-term-services-supports>

Failure to File an Acceptable Cost Report

Failure to file a cost report completed in accordance with instructions and rules by the cost report due date constitutes an administrative contract violation. In the case of an administrative contract violation, procedural guidelines and informal reconsideration and/or appeal processes are specified in §355.111.

1 TAC §355.105(b)(4)(C)(ii)

Extensions Granted Only for Good Cause

Extensions of accountability report due dates are limited to those requested for good cause. Good cause refers to extreme circumstances that are beyond the control of the contracted provider and for which adequate planning and organization would not have been of any assistance. HHSC Rate Analysis must receive requests for extensions prior to the due date of the accountability report. The extension request must be sent to: radcostreportverification@hhsc.state.tx.us by the provider (owner or authorized signor). The extension request must clearly explain the necessity for the extension and specify the extension due date being requested. Failure to file an acceptable accountability report by the original accountability report due date because of the denial of a due date extension

request constitutes an administrative contract violation. In the case of an administrative contract violation, procedural guidelines and informal reconsideration and/or appeal processes are specified in §355.111.

1 TAC §355.105(c)(3)

Standards for an Acceptable Cost Report

To be acceptable, a cost report must:

1. Be completed in accordance with the Cost Determination Process Rules, program-specific rules, cost report instructions, and policy clarifications;
2. Be completed for the correct cost-reporting period (Note that the cost reporting period has been prepopulated. See **Step 4**. If provider believes that the dates are incorrect, contact HHSC Rate Analysis at costinformation@hhsc.state.tx.us for assistance);
3. Be completed using an accrual method of accounting (except for governmental entities required to operate on a cash basis);
4. Be submitted online as a 2019 Cost Report for the correct program through STAIRS;
5. Include any necessary supporting documentation, as required, uploaded into STAIRS;
6. Include signed, notarized, original certification pages (Cost Report Certification and Methodology Certification) scanned and uploaded into STAIRS
7. Calculate all allocation percentages to at least two decimal places (i.e., 25.75%);
8. If allocated costs are reported, include acceptable allocation summaries, uploaded into STAIRS.

Return of Unacceptable Cost Reports

Failure to complete cost reports according to instructions and rules constitutes an administrative contract violation. In the case of an administrative contract violation, procedural guidelines and informal reconsideration and/or appeal processes are specified in §355.111. Cost reports that are not completed in accordance with applicable rules and instructions will be returned for correction and resubmission. The return of the cost report will consist of un-certifying the file originally submitted via STAIRS which will re-open the cost report to allow additional work and resubmission by the contracted provider. Notification of the return will be sent via e-mail and certified mail. HHSC grants the provider a compliance period of no more than 15 calendar days to correct the contract violation. Failure to resubmit an **acceptable** corrected cost report as well as new certification pages by the due date indicated in the return notification will result in recommendation of a vendor hold.

1 TAC §355.106(a)(2)

Amended Cost Reports

An interested party legally responsible for conduct of the contracted provider may initiate an amendment no later than 60 days after the original due date. Provider-initiated amendment requests can be sent to: costinformation@hhsc.state.tx.us. A request received that is not signed by an individual legally responsible for the conduct of the contracted provider, or received after the 60th day, will not be accepted. Failure to submit the requested amendment to the cost report by the due date is considered a failure to complete a cost report.

1 TAC §355.105(d)(1)(A)

Accounting Methods

All revenues, expenses, and statistical information submitted on cost reports must be based upon an accrual method of accounting except where otherwise specified in the Cost Determination Process Rules or program-specific reimbursement methodology rules. Governmental entities may report on a cash basis or modified accrual basis. To be allowable on the cost report, costs must have been accrued during the cost reporting period, and paid within 180 days of the end of the cost reporting period unless the provider is under bankruptcy protection and has received a written waiver of the 180-day rule from HHSC Rate Analysis.

1 TAC §355.105(b)(1)

Cost Report Certification

Contracted providers must certify the accuracy of the cost report submitted to HHSC. Contracted providers may be liable for civil and/or criminal penalties if the cost report is not completed according to HHSC requirements or if the information is misrepresented and/or falsified. Before signing the certification pages, carefully read the certification statements to ensure that the signers have complied with the cost-reporting requirements. The Methodology Certification page advises preparers that they may lose the authority to prepare future cost reports if cost reports are not prepared in accordance with all applicable rules, instructions, and training materials. The contracted provider must review all reported data as well as the Methodology Certification, therefore the Entity Certification page may not be signed prior to the Methodology Certification page.

Reporting Data/Statistics

Statistical data such as "Hours" must be reported to two decimal places. Please note that the two decimal places are NOT the same as the minutes, but are stated as the percent of an hour. For example, when reporting the hours for Registered Nurses (RN), 150 hours and 30 minutes would be reported as 150.50 hours and 150 hours and 20 minutes would be reported as 150.33 hours.

Direct Costing

Direct costing must be used whenever reasonably possible. Direct costing means that costs incurred for the benefit of, or directly attributable to, a specific business component must be charged directly to that particular business component.

Certain costs are required to be direct-costed including: medical/health/dental insurance premiums, life insurance premiums, other employee benefits (such as employer-paid disability premiums, employer-paid retirement/pension plan contributions, employer-paid deferred compensation contributions, employer-paid child day care, and accrued leave), attendant care staff salaries and wages and direct care contract labor compensation

For all direct care costs, the provider must have documentation that demonstrates the reported costs directly benefited only the program and contracts for which the cost report is being completed. Daily timesheets documenting time are required for all attendant salaries directly charged to the cost report. If the employee only works for the provider in one program and one position type, the daily timesheet must document the start time, the end time and the total time worked. If the attendant works in different programs or in more than one position type (such as habilitation attendant and file clerk), there must be daily timesheets to document the actual time spent working for each provider, program or position type so that costs associated with that employee can be properly direct costed to the appropriate cost area.

Split Payroll Periods

If a payroll period is split such that part of the payroll period falls within the cost reporting period and part of the payroll period does not fall within the cost reporting period, the provider has the option of direct costing or allocating the hours and salaries associated with the split payroll period.

For example, if the payroll period covered two weeks, with 6 days included in the cost-reporting period and 8 days not included in the cost-reporting period, the provider could either review their payroll information to properly direct cost the paid hours and salaries for only the 6 days included in the cost-reporting period or the provider could allocate 6/14th of the payroll period's hours and salaries to the cost report. The method chosen must be consistently applied each cost-reporting period. Any change in the method of allocation used from one reporting period to the next must be fully disclosed as per 1 TAC §355.102(j)(1)(D).

Cost Allocation Methods

Whenever direct costing of shared costs is not reasonable, it is necessary to allocate these costs either individually or as a pool of costs across those business components sharing in the benefits of the shared costs. The allocation method must be a reasonable reflection of the actual business operations of the provider. Contracted providers must use reasonable and acceptable methods of allocation and must be consistent in their use of allocation methods for cost-reporting purposes across all program areas and business components. Allocated costs are adjusted during the audit verification process if the allocation method is unreasonable, is not one of the acceptable methods enumerated in the Cost Determination Process Rules, or has not been approved in writing by HHSC Rate Analysis. An indirect allocation method approved by another department, program, or governmental entity (including Medicare, other federal funding source or state agency) is not automatically approved by HHSC for cost-reporting purposes. See **APPENDIX B** for details on the types of approved allocation methodologies, when each can be used and when and how to contact HHSC for approval to use an alternate method of allocation other than those approved.

If there is more than one business component, service delivery program, or DFPS program within the entire related organization, the provider is considered to have central office functions, meaning that administration functions are more than likely shared across various business components, service delivery programs, or DFPS contracts. Shared administration costs require allocation prior to being reported as central office costs on the cost report. The allocation method(s) used must be disclosed as the allocated costs are entered into STAIRS and an allocation summary must be prepared and uploaded to support each allocation calculation.

An adequate allocation summary must include for each allocation calculation: a description of the numerator and denominator that is clear and understandable in words and in numbers, the resulting percentage to at least two decimal places, a listing of the various cost categories to be allocated, 100% of the provider's expenses by cost category, the application of the allocation percentage to each shared cost, the resulting allocated amount, and the cost report item on which each allocated amount is reported. The description of the numerator and denominator should document the various cost components of each.

For example, the "salaries" allocation method includes salaries/wages and contracted labor (excluding consultants). Therefore, the description of the numerator and the denominator needs to document that both salaries/wages and contracted labor costs were included in the allocation calculations. For the "labor cost" allocation method, the cost report preparer needs to provide documentation that salaries/wages, payroll taxes, employee benefits, workers' compensation costs, and contracted labor (excluding consultants) were included in the allocation calculations. For the "cost-to-cost" allocation method, the cost report preparer needs to provide documentation that all allowable facility and operating costs were included in the allocation calculations. For the "total-cost-less-facility-cost" allocation method, the cost report preparer needs to provide documentation that all facility costs were excluded.

Any allocation method used for cost-reporting purposes must be consistently applied across all contracted programs and business entities in which the contracted provider has an interest (i.e., the entire related organization). If the provider used different allocation methods for reporting to other funding agencies (Medicaid, Medicare, private donors), the cost report preparer must provide reconciliation worksheets to HHSC staff upon request. These reconciliation worksheets must show: 1) that costs have not been charged to more than one funding source; 2) how specific cost categories have been reported differently to each funding source and the reason(s) for such reporting differences; and 3) that the total amount of costs (allowable and unallowable) used for reporting is the same for each report.

Any change in allocation methods for the current year from that used in the previous year must be disclosed on the cost report and accompanied by a written explanation of the reasons for the change. Allocation methods based upon revenue or revenue streams are not acceptable.

A provider may have many costs shared between business components. For example, a GRO provider that also provides Emergency Care Services, private pay services and

operates a durable medical equipment company might have shared nursing staff, shared clerical staff, shared administration costs, and other shared costs. Guidelines for allocation of various expenses will be provided in each Step of the *Specific Instructions* as appropriate.

1 TAC §355.102(j) and §355.105(b)(2)(B)(v)

Recordkeeping

Providers must maintain records that are accurate and sufficiently detailed to support the legal, financial, and statistical information contained in the cost report. These records must demonstrate the necessity, reasonableness, and relationship of the costs to the provision of resident care, or the relationship of the central office to the individual provider. These records include, but are not limited to, accounting ledgers, journals, invoices, purchase orders, vouchers, canceled checks, timecards, payrolls, mileage and flight logs, loan documents, insurance policies, asset records, inventory records, facility lease, organization charts, time studies, functional job descriptions, work papers used in the preparation of the cost report, trial balances, cost allocation spreadsheets, and minutes of meetings of the board of directors. Adequate documentation for seminars/conferences includes a program brochure describing the seminar or a conference program with a description of the workshop attended. The documentation must provide a description clearly demonstrating that the seminar or workshop provided training pertaining to contracted-care-related services or quality assurance.

1 TAC §355.105(b)(2)(A) and §355.105(b)(2)(B)

Recordkeeping for Owners and Related Parties

Regarding compensation of owners and related parties, providers must maintain the following documentation, at a minimum, for each owner or related party:

- A detailed written description of actual duties, functions, and responsibilities;
- Documentation substantiating that the services performed are not duplicative of services performed by other employees;
- Timesheets or other documentation verifying the hours and days worked; (*NOTE: this does not mean number of hours, but actual hours of the day*);
- The amount of total compensation paid for these duties, with a breakdown of regular salary, overtime, bonuses, benefits, and other payments;
- Documentation of regular, periodic payments and/or accruals of the compensation;
- Documentation that the compensation was subject to payroll or self-employment taxes; and
- A detailed allocation worksheet indicating how the total compensation was allocated across business components receiving the benefit of these duties.

1 TAC §355.105(b)(2)(B)(xi)

Retention of Records

Each provider must maintain records according to the requirements stated in 40 TAC §49.307 (relating to how long contractors, subrecipients, and subcontractors must keep contract-related records).

- The rule states that records must be kept for a minimum of seven years after all issues that arise from any litigation, claim, negotiation, audit, open records request, administrative review, or other action involving the records are resolved.

If a contractor is terminating business operations, the contractor must ensure that:

- Records are stored and accessible; and
- Someone is responsible for adequately maintaining the records.

1 TAC §355.105(b)(2)(A)

Failure to Maintain Records

Failure to maintain all work papers and any other records that support the information submitted on the cost report relating to all revenue, expense, allocations and statistical information constitutes an administrative contract violation. Procedural guidelines and informal reconsideration and/or appeal processes are specified in §355.111 of this title (relating to Administrative Contract Violations).

1 TAC §355.105(b)(2)(A)(iv)

Access to Records

Each provider or its designated agent(s) must allow access to all records necessary to verify information submitted on the cost report. This requirement includes records pertaining to related-party transactions and other business activities in which the contracted provider is engaged. Failure to allow access to any and all records necessary to verify information submitted to HHSC on cost reports constitutes an administrative contract violation.

1 TAC §355.106(f)(2)

Field Audits and Desk Reviews of Cost Reports

Each DFPS cost report is subject to either a field audit or a desk review by HHSC Cost Report Review Unit (CRRU) staff to ensure the fiscal integrity of the program. Cost report audits are performed in a manner consistent with generally accepted auditing standards (GAAS), which are included in Government Auditing Standards: Standards for Audit of Governmental Organizations, Programs, Activities, and Functions. These standards are approved by the American Institute of Certified Public Accountants and are issued by the Comptroller General of the United States.

During the course of a field audit or a desk review, the provider must furnish any reasonable documentation requested by HHSC within ten (10) working days of the request or a later date as specified by the HHSC. If the provider does not present the requested material within the specified time, the audit or desk review is closed, and HHSC automatically disallows the costs in question, pursuant to 1 TAC §355.105(b)(2)(B)(xviii).

1 TAC §355.105(f) and §355.106

For desk reviews and field audits where the relevant records are located outside the state of Texas, the provider's financial records must be made available to HHSC within fifteen (15) working days of field audit or desk review notification. Whenever possible, the provider's records should be made available within Texas. When records are not available within Texas, the provider must pay the actual costs for HHSC staff to travel to and review the records located out of state. HHSC must be reimbursed for these costs within 60 days of the request for payment in accordance with 1 TAC §355.105(f).

1 TAC §355.105(f)

Notification of Exclusions and Adjustments

HHSC notifies the provider by e-mail of any exclusions and/or adjustments to items on the cost report. See **Step 12** and **Step 13**. Cost Report Review Unit (CRRU) furnishes providers with written reports of the results of field audits.

1 TAC §355.107

Informal Review of Exclusions and Adjustments

A provider who disagrees with HHSC's adjustments has a right to request an informal review of the adjustments. Requests for informal reviews must be received by HHSC Rate Analysis within 30 days of the date on the written notification of adjustments, must be signed by an individual legally responsible for the conduct of the interested party and must include a concise statement of the specific actions or determinations the provider disputes, the provider's recommended resolution, and any supporting documentation the provider deems relevant to the dispute. Failure to meet these requirements may result in the request for informal review being denied.

1 TAC §355.110

Common Cost Reporting Errors

The following is a list of some of the more common errors found on cost reports. These errors, as well as others, can be avoided by carefully following the cost report instructions and rules concerning allowable and unallowable expenses.

1. Cost reports are submitted on a cash basis rather than on an accrual basis of accounting for providers who are not governmental entities.
2. Costs that should be reported separately are combined; for example, the costs incurred for building, vehicle, and general liability insurance are incorrectly all reported in the same item.
3. Incorrect related-party staff/contractor information and failure to include an organization chart that clearly identifies each owner-employee, other related-party employee or related-party contractor, along with each business entity/component.

4. Costs are misclassified; for example, the lease expense for a photocopier is incorrectly included in **Step 8.f. Operations Supplies** line instead of being correctly reported in the Rent/Lease – Departmental Equipment/Other line.
5. Hours and expenses reported in the incorrect staff-type line items.
6. Costs for land are incorrectly included in building historical costs for depreciation purposes.
7. Administrative costs shared by several contracts or business components are reported as Program Administration and Operations Expense rather than Central Office expense.
8. Detailed asset listing / depreciation schedule was not uploaded and the summary method of reporting was used in **Step 8.e.**
9. 10% salvage value for building was not removed in calculating depreciation costs; summary method of reporting was used in **Step 8.e.**
10. Vehicle depreciable value was not limited for luxury vehicles.
11. Contract labor costs were not included when calculating allocation percentages using the salaries and labor methods.

Common Errors Regarding Unallowable Costs

1. Expenses are incorrectly reported for activities that are not related to contracted services.
2. Incorrect reporting of personal expenses for items such as personal lunches, personal use of a company vehicle or cellular phone and personal travel expenses not related to employee business travel.
3. Salaries or expenses incorrectly reported for relatives or owners who do not actually work for, or perform services for, the contract.
4. Unallowable promotional advertising incorrectly included in reported advertising costs as an allowable cost.
5. Erroneous reporting as allowable costs those unallowable dues or membership fees to organizations whose primary emphasis is not related to contracted services, for example, Chamber of Commerce, the Lions Club or Veterans of Foreign War (VFW) organizations.
6. Incorrect reporting (with allowable expenses) of unallowable penalties or fines (such as non-sufficient funds (NSF) fees or late payment penalties).

7. Incorrectly expensing bad debts as "Other" costs.
8. Incorrect reporting of payroll taxes. For example, incorrectly reporting FICA/Medicare taxes at greater than 7.65% of the total reported salaries (excluding central office salaries).
9. Erroneously expensing capital expenditures (rather than properly depreciating them) for items such as roofs, air-conditioning systems, vehicles, sidewalks, and paving of the parking lot.
10. Failure to disclose related-party transactions, such as the lease of a building or vehicles.
11. Misstatement of allocated costs because the allocation method used was inappropriate (e.g., based on revenue) or based on unreasonable criteria (e.g., administration salary allocations based on square footage).
12. Overstatement of depreciation costs because land cost was incorrectly included with historical cost of building.
13. Overstatement of building depreciation expense because 10% salvage value was not removed.
14. Overstatement of transportation equipment depreciation expense because depreciable value of luxury vehicle was not limited.

Definitions

24-RCC - The 24-Hour Residential Child Care program, a Department of Family and Protective Services (DFPS) program that serves the needs of children in State conservatorship.

24-RCC Cost Report – A single cost report that will collect cost data for the 24-RCC program.

Accrual Accounting Method - A method of accounting in which revenues are recorded in the period in which they are earned and expenses are recorded in the period in which they are incurred. If a facility operates on a cash basis, it will be necessary to convert from cash to accrual basis for cost-reporting purposes. Care must be taken to ensure that a proper cutoff of accounts receivable and accounts payable occurred both at the beginning and ending of the reporting period. Amounts earned although not actually received and amounts owed to employees and creditors but not paid should be included in the reporting period in which they were earned or incurred. Allowable expenses properly accrued during the cost-reporting period must be paid within 180 days after the fiscal year end in order to remain allowable costs for cost-reporting purposes, unless the provider is under bankruptcy protection and has obtained a written waiver from HHSC from the 180-day rule in accordance with 1 TAC §355.105(b)(1). If accrued expenses are not paid

within 180 days after the fiscal year end and no written exception to the 180-day rule has been approved by HHSC, the cost is unallowable and should not be reported on the cost report. If the provider's cost report is submitted before 180 days after the provider's fiscal year end and the provider later determines that some of the accrued costs have not been paid within the required 180-day period, the cost report preparer should submit a revised cost report with the unpaid accrued costs removed.

(1 TAC §355.105(b)(1))

Administration Costs - The share of allowable expenses necessary for the general overall operation of the contracted provider's business that is either directly chargeable or properly allocable to this program. Administration costs include office costs and central office costs (i.e., shared administrative costs properly allocated to this program), if applicable. Administration costs are not direct care costs.

Allocation - A method of distributing costs on a pro rata basis. For more information, see COST ALLOCATION METHODS in the General Instructions section and the 2019 Cost Report Training materials.

1 TAC §355.102(j)

Allowable Costs - Expenses that are reasonable and necessary to provide care to Medicaid recipients and are consistent with federal and state laws and regulations.

1 TAC §355.102(a) and §355.103(a)

ARD - Refers to the local school district's Admission, Review and Dismissal Committee. The ARD committee is composed of a student's parent(s) and school personnel who are involved with the student. The ARD committee determines a student's eligibility to receive special education services and develops the individualized education program (IEP) of the student. Source: Texas Education Agency.

Amortization - The periodic reduction of the value of an intangible asset over its useful life or the recovery of the intangible asset's cost over the useful life of the asset. May include amortization of deferred financing charges on the financing or refinancing of the purchase of the building, building improvements, building fixed equipment, leasehold improvements and/or land improvements. The amortization of goodwill is an unallowable cost. The amortization of the purchase price of a Medicaid contract itself (as opposed to the purchase price of the physical facility) is an unallowable cost. For additional information, see instructions for **Step 8.e**.

1 TAC §355.103(b)(7))

Bad Debt - Unrecoverable revenues due to uncollectible accounts receivable. Bad debts are not reported on the Medicaid cost report.

1 TAC §355.103(b)(17)(M)

Building (Facility) Costs - Costs to be reported as Facility Costs. When allocating shared administrative costs (central office costs) based upon the total-cost-less-facility-cost allocation method, the building (facility) costs to be removed from the cost calculation include Lease/Rental of Building/Facility/Building Equipment; Insurance for those items; Utilities, Maintenance and Contract Services of those items; Mortgage Interest; Ad Valorem Taxes; and Depreciation for Building/Facility/Building Equipment/Land/Leasehold Improvements. Building costs must exclude any goodwill (see definition for *Goodwill*).

Business Component - A separate business entity; a state contract, program, or grant; or an operation separate from the contracted provider's contract that makes up part of the total group of entities related by common ownership or control (i.e., one part of the entire related organization). Each separate contract with the state of Texas is usually considered a separate business component / entity. For the IID programs, each component code within a program is considered a separate business component. See also Central Office.

Central Office - Any contracted provider who provides administrative services shared by two or more business components is considered to have a central office. For cost-reporting purposes, a "central office" exists if there are shared administrative functions that require allocation across more than one business. Central office costs are also known as allocated shared administrative costs. The shared administrative functions could be provided by a separate corporation or partnership, or they could be a separate department or separate accounting entity within the contracted entity accounting system. The shared administrative functions could be provided in their own building or co-located with one of the entities for which they provide administrative services (e.g., the shared administrative functions could be provided from spare office space within a programmatic location).

If an organization consists of two or more contracted entities/business components/service delivery programs that are owned, leased or controlled through any arrangement by the same business entity, that organization probably has administrative costs that benefit more than one of the contracted entities/business components/service delivery programs, requiring that the shared administrative costs be properly allocated across the contracted entities/business components/service delivery programs benefiting from those administrative costs. Typical shared administrative costs may include costs related to the chief executive officer (CEO), chief financial officer (CFO), payroll department, personnel department and any other administrative function that benefits more than one business component. See also the Instructions for Central Office.

1 TAC §355.103(b)(7)

Chain - Contracted entities/business components/service delivery programs that have a common owner or sole member or are managed by a related-party management company are considered a chain. A chain may also include business organizations which are engaged in activities other than the provision of the 24-RCC program services in the state of Texas. This means that the business components could be:

- located within or outside of Texas;
- provide services other than the Medicaid services covered by this cost report, and

- provide services which may or may not be delivered through contracts with the state of Texas.

Charity Allowance - A reduction in normal charges due to the indigence of the resident/participant. This allowance is not a cost since the costs of the services rendered are already included in the contracted provider's costs

Child Placing Agency (CPA) - Child Placing Agencies are persons or organizations other than a child's natural parent or guardian who plan for placement of a child or place a child in a child care operation, foster home or adoptive home.

Combined Entity - one or more commonly owned corporations and/or one or more limited partnerships where the general partner is controlled by the same identical persons as the commonly owned corporation(s). May involve an additional CONTROLLING ENTITY which owns all members of the combined entity.

Common Ownership - Exists when an individual or individuals possess any ownership or equity in the contracted provider and the institution or organization serving the contracted provider. If a business entity provides goods or services to the provider and also has common ownership with the provider, the business transactions between the two organizations are considered related-party transactions and must be properly disclosed. Administrative costs shared between entities that have common ownership must be properly allocated and reported as central office costs (i.e., shared administrative costs). See the definition for RELATED PARTY.

1 TAC §355.102(i)(1)

Compensation of Employees - Compensation includes both cash and non-cash forms of compensation subject to federal payroll tax regulations. Compensation includes wages and salaries (including bonuses); payroll taxes and insurance; and benefits. Payroll taxes and insurance include Federal Insurance Contributions Act (old age, survivors, and disability insurance (OASDI) and Medicare hospital insurance); Unemployment Compensation Insurance; and Workers' Compensation Insurance.

1 TAC §355.103(b)(1)

Compensation of Owners and Related Parties - Compensation includes both cash and non-cash forms of compensation subject to federal payroll tax regulations. Compensation includes withdrawals from an owner's capital account; wages and salaries (including bonuses); payroll taxes and insurance; and benefits. Payroll taxes and insurance include Federal Insurance Contributions Act (old age, survivors, and disability insurance (OASDI) and Medicare hospital insurance); Unemployment Compensation Insurance; and Workers' Compensation Insurance. Compensation must be made in regular periodic payments, must be subject to payroll or self-employment taxes, and must be verifiable by adequate documentation maintained by the contracted provider.

1 TAC §355.103(b)(2)

Contract Labor - Labor provided by non-staff individuals. Non-staff refers to personnel who provide services to the contracted provider intermittently, whose remuneration (i.e., fee or compensation) is not subject to employer payroll tax contributions (e.g., FICA/Medicare, FUTA, or SUTA) and who perform tasks routinely performed by employees. Contract labor does not include consultants. Contract labor hours must be associated with allowable contract labor costs as defined in 1 TAC §355.103(b)(2)(C).

Contract Management - See definition for *Management Services*

Contracted Provider See definition for *Provider*

Contracted Staff - See definition for *Contract Labor*

Contracting Entity - The business component with which Medicaid contracts for the provision of the Medicaid services included on this cost report. See Instructions for **Step 4**.

Control - Exists if an individual or an organization has the power, directly or indirectly, to significantly influence or direct the actions or policies of an organization or institution. Control includes any kind of control, whether or not it is legally enforceable and however it is exercised. It is the reality of the control which is decisive, not its form or the mode of its exercise. Organizations, whether proprietary or nonprofit, are considered to be related through control to their directors in common.

1 TAC §355.102(i)(1) and 1 TAC §355.102(i)(3)

Controlling Entity - The individual or organization that owns the contracting entity. Controlling entity does not refer to provider's contracted management organization.

Courtesy Allowance - A reduction in normal charges granted as a courtesy to certain individuals, such as physicians or clergy. This allowance is not a cost since the costs of the services rendered are already included in the contracted provider's costs.

Cost Report Group Code - The number used to identify an individual cost report. HHSC Rate Analysis will group one or more contracts for each legal entity into a Cost Report(s) depending on rate enhancement participation level (if applicable), cost reporting period and other factors, and will assign the Cost Report Group Code. The Cost Report Group Code for IDD providers will be the component code.

Depreciation Expense - The periodic reduction of the value of an asset over its useful life or the recovery of the asset's cost over the useful life of the asset. For additional information, see Instructions for **Step 8.e**.

1 TAC §355.103(b)(10)

Direct Care - Care provided by provider personnel (i.e., Attendants, RNs, LVNs and Therapists) in order to directly carry out the individual plan of care.

Direct Cost - An allowable expense incurred by the provider specifically designed to provide services for this program. If a general ledger account contains costs (including expenses paid with federal funds) attributable to more than one program, the individual entries to that general ledger account which can be specifically "charged" to a program should be charged to that program (i.e., direct costed or directly charged). Those general ledger entries that are shared by one or more programs should be properly allocated between those programs benefited. If an employee performs direct care services for more than one program area (or organization or business component), it will be necessary to direct cost (i.e., directly charge) that employee's costs between programs based upon actual timesheets rather than using an allocation method. If an employee performs both direct care services and administrative services within one or more organizations/business components, it will be necessary to document the portion of that employee's costs applicable to the delivery of direct care services based upon daily timesheets; time studies are not an acceptable method for documenting direct care employees' costs. Direct costs include both salary-related costs (i.e., salaries, payroll taxes, employee benefits, and workers' compensation costs) and non-labor costs such as the employee's office space costs (e.g., facility costs related to the square footage occupied by the employee's work area) and departmental equipment (e.g., computer, desk, chair, bookcase) used by the employee in the performance of the employee's duties. See definition for *Direct Costing*.

Direct Costing - A method of assigning costs specifically to particular units, divisions, cost centers, departments, business components, or service delivery programs for which the expense was incurred. Costs incurred for a specific entity must be charged to that entity. Costs that must be direct costed include health insurance premiums, life insurance premiums, other employee benefits (e.g., employer-paid disability insurance, employer-paid retirement contributions, and employer-operated child day care for children of employees), and direct care staff salaries and wages. See definition for *Direct Cost*.

Emergency Shelter (ES) - A residential group-care facility that DFPS Child Care Licensing has licensed to provide emergency shelter for children.

Facility Costs - See definition of *Building Costs*.

General Residential Operations (GRO) - A facility that provides 24-hour care for 13 or more children under 18 years old and may offer programmatic services such as transitional living or emergency care or may offer treatment services such as for emotional disorders or primary medical needs. Residential Treatment Centers are a subset of General Residential Operations that serve only children needing treatment services for emotional disorders.

Goodwill - The value of the intangible assets of a business, especially as part of its purchase price. Goodwill is not an allowable cost on the cost report. See instructions for **Step 8** for instructions on the removal of goodwill.

IEP - A child's Individualized Educational Program.

Management Services - Services provided under contract between the contracted provider and a person or organization to provide for the operation of the contracted provider, including administration, staffing, maintenance, or delivery of resident/participant care services. Management services do not include contracts solely for

maintenance, laundry, or food service. If the provider contracts with another entity for the management or operation of the program, the provider must report the specific direct services costs of that entity and not the amount for which the provider is contracting for the entity's services. Expenses for management provided by the contracted provider's central office must be reported as central office costs.

1 TAC §355.103(b)(6) and 1 TAC §355.457(b)(2)(A)

Necessary - Refers to the relationship of the cost, direct or indirect, incurred by a provider to the provision of contracted care. Necessary costs are direct and indirect costs that are appropriate in developing and maintaining the required standard of operation for providing care for individuals in accordance with the contract and state and federal regulations. See TAC reference for additional requirements.

1 TAC 355.102(f)(2)

Net Expenses - Gross expenses less any purchase discounts or returns and purchase allowances. Only net expenses should be reported on the cost report.

1 TAC §355.102(k) and 1 TAC §355.103(b)(18)(D)

On-facility School - Educational services provided by the provider at a 24 RCC facility. An outside entity providing educational services at a 24 RCC facility is not considered an on-facility school. Costs associated with an outside entity's educational services are unallowable and should be allocated out of reported costs.

Owner - An individual (or individuals) or organization that possesses ownership or equity in the contracted provider organization or the supplying organization. A person who is a sole proprietor, partner, or corporate stockholder-employee owning any of the outstanding stock of the contracted provider is considered an owner, regardless of the percentage of ownership.

1 TAC §355.102(i)(2)) and 1 TAC §355.103(b)(2)(A)(i)

Preparation for Adult Living (PAL) Services - Purchased services by outside entities under contract with DFPS that are accessible when funds are available. All purchased child protective services are subject to the policies for child protective services. PAL Services can be accessed only by CPS worker referrals to PAL staff. PAL staff authorizes the services to prepare a youth in substitute care, who had not reached his or her 21st birthday, to live independently when he or she becomes an adult. These services are made available to youth that are in out-of-home care, in the managing conservatorship or under the supervision of DFPS, including Interstate Compact for the Placement of Children (ICPC) youth (that meet all other eligibility criteria) at least 14 years old, and not more than 20 years old, and youth placed in foster care by a county juvenile probation department who are 16 years of age or older.

Private Placements - Placements for whom the provider is reimbursed by any entity other than a state agency or county agency on behalf of the state. An example of a payer

other than the state is a private payer (voluntary placement), other facility, or an insurance company.

Provider - The individual or legal business entity that is contractually responsible for providing DFPS services, i.e., the business component with which DFPS contracts for the provision of the services to be reported in this cost report. Also known as contracted provider. See definitions for *Contracting Entity*, and *Cost Report Group*.

Purchase Discounts - Discounts such as reductions in purchase prices resulting from prompt payment or quantity purchases, including trade, quantity, and cash discount result from the type of purchaser the contracted provider is (i.e., consumer, retailer, or wholesaler). Quantity discounts result from quantity purchasing. Cash discounts are reductions in purchase prices resulting from prompt payment. Reported costs must be reduced by these discounts prior to being reported on the accountability report.

1 TAC §355.102(k)

Purchase Returns and Allowances - Reductions in expenses resulting from returned merchandise or merchandise that is damaged, lost, or incorrectly billed. Expenses must be reduced by these returns and allowances prior to being reported on the cost report.

1 TAC §355.102(k)

Reasonable - Refers to the amount expended. The test of reasonableness includes the expectation that the provider seeks to minimize costs and that the amount expended does not exceed what a prudent and cost-conscious buyer pays for a given item or service. See TAC reference for additional considerations in determining reasonableness.

1 TAC 355.102(f)(1)

Refunds and Allowances - Reductions in revenue resulting from overcharges.

Reimbursement Methodology - Rules by which HHSC determines daily payment rates for 24-RCC services that are statewide and uniform by class of service and level of need.

1 TAC §355.509

Related - Related to a contracted provider means that the contracted provider to a significant extent is associated or affiliated with, has control of, or is controlled by the organization furnishing services, equipment, facilities, leases, or supplies. See the definitions of Common Ownership, Control and Related Party.

1 TAC §355.102(i)(1)

Related Party - A person or organization related to the contracted provider by blood/marriage, common ownership, or any association, which permits either entity to exert power or influence, either directly or indirectly, over the other. In determining whether a related-party relationship exists with the contracted provider, the tests of common ownership and control are applied separately. Control exists where an individual

or organization has the power, directly or indirectly, to significantly influence or direct the actions or policies of an organization or institution. If the elements of common ownership or control are not present in both organizations, the organizations are deemed not to be related to each other. The existence of an immediate family relationship will create an irrefutable presumption of relatedness through control or attribution of ownership or equity interests where the significance tests are met. The following persons are considered immediate family for cost-reporting purposes: (1) husband and wife; (2) natural parent, child and sibling; (3) adopted child and adoptive parent; (4) stepparent, stepchild, stepsister, and stepbrother; (5) father-in-law, mother-in-law, brother-in-law, son-in-law, sister-in-law, and daughter-in-law; (6) grandparent and grandchild; (7) uncles and aunts by blood or marriage; (8) first cousins, and (9) nephews and nieces by blood or marriage. Disclosure of related-party information is required for all allowable costs reported by the contracted provider. **Step 6** and **Step 8** of STAIRS both have substeps designed for reporting compensation of related parties (both wage and contract compensation) and related-party transactions, including the purchase/lease of equipment, facilities, or supplies, and the purchase of services including related-party loans (i.e., lending services). See also definitions of *Common Ownership, Control, Related, and Related-Party Transactions*. See also the Cost Report Training materials.

1 TAC §355.102(i)

Related-Party Transactions - The purchase/lease of buildings, facilities, services, equipment, goods or supplies from the contracted provider's central office, an individual related to the provider by common ownership or control, or an organization related to the provider by common ownership or control. Allowable expenses in related-party transactions are reported on the cost report at the cost to the related party. However, such costs must not exceed the price of comparable services, equipment, facilities, or supplies that could be purchased/leased elsewhere in an arm's-length transaction.

1 TAC §355.102(i)

Resident - Any individual residing in a residential DFPS program facility.

Resident Day - Services for one resident for one day. The day the resident is admitted is counted as a day of service. The day the resident is discharged is not counted as a day of service. A resident day is also known as a day of service and is the unit of service for a residential DFPS program.

Residential Treatment Center (RTC) - See General Residential Operations.

Revenue Refunds - Reductions in revenue resulting from overcharges.

Safety Program - An ongoing, well-defined program for the reduction/prevention of employee injuries. The costs to administer such a program may include the development/purchase and maintenance of a training program and safety officer/consultant costs. Salaries and wages for staff administering the safety program must be based upon the hours worked on the safety program (from actual timesheets or time studies). These safety program costs should be reported as Administration Costs.

Self-insurance – See Appendix E.

1 TAC §355.103(b)(13)(b)

Single Source Continuum Contractor (SSCC) - The legal entity responsible for providing a continuum of care to youth who are in foster care and their families from a specific area in the Foster Care redesign model of service delivery.

Startup Costs - Those reasonable and necessary preparation costs incurred by a provider in the period of developing the provider's ability to deliver services. Startup costs can be incurred prior to the beginning of a newly formed business and/or prior to the beginning of a new contract or program for an existing business. Allowable startup costs include, but are not limited to, employee salaries, utilities, rent, insurance, employee training costs, and any other allowable costs incident to the startup period. Startup costs do not include capital purchases, which are purchased assets meeting the criteria for depreciation as described in the Cost Determination Process Rules. Any costs that are properly identifiable as organization costs or construction costs must be appropriately classified as such and excluded from startup costs. Allowable startup costs should be amortized over a period of not less than 60 consecutive months. If the business component or corporation never commences actual operations, or if the new contract/program never delivers services, the startup costs are unallowable.

1 TAC §355.103(b)(17)(D)

Subcontractor - A person or organization that contracts with a vendor to work or contribute toward completing work for a governmental entity. The term does not include a state agency. The term includes an officer or employee of a state agency when the officer or employee contracts with a vendor in a private capacity.

Title IV-E - The Title IV-E Program is a federal entitlement program established by Congress and administered by the U.S. Department of Health & Human Services. This program provides financial support and best practice guidance for State's work with children in foster care and adoption.

The financial support covers some of the direct service and administration costs associated with these child welfare programs. Title IV-E reimbursement of foster care costs can be claimed in three different areas:

- Care of the child in foster or preadoptive home or child care institution,
- Administration of the foster care system and
- Training of staff, providers and foster and adoptive parents.

In 1980, P.L. 96-272 (Adoption Assistance and Child Welfare Act) was a major amendment to the Social Security Act of 1935 and resulted in the creation of Title IV, part E of the Social Security Act (the Act). P.L. 96-272 was passed by Congress in large part due to the following concerns:

- Children were removed from their families too frequently, without good reason and without adequate placement prevention efforts being made.

- Efforts were not being made to reunite children with their families and often permanently lost contact with their families.
- Children spent years in temporary foster care, adrift in foster care without a real sense of family or permanency.

This Act sets forth a complex set of requirements that define the circumstances under which a State may claim reimbursement. These requirements are based in best practices from the 1980 Adoption Assistance and Child Welfare Act and the 1997 Adoption and Safe Families Act. The Act establishes federal authority to conduct Child and Family Services Review to assess States performance in achieving substantial conformity in the areas of safety, permanency and wellbeing for children in child welfare. Title IV-E of the Social Security Act is read together with the 1978 Indian Child Welfare Act for American Indian children in the foster care system.

Vendor Hold - HHSC rules specify that Medicaid payments from HHSC may be withheld from contracted providers in certain specific situations, as described in 1 TAC §355.111.

Workers' Compensation Costs - For cost-reporting purposes, the costs accrued for workers' compensation coverage (such as commercial insurance premiums and/or the medical bills paid on behalf of an injured employee) are allowable. Costs to administer a safety program for the reduction/prevention of employee injuries are not workers' compensation costs; rather, these costs should be reported as Administration Costs. See definition of *Safety Program*.

Detailed Instructions

General System Navigation

Add Record: Used to add lines to the current category. It may be used to add an initial entry to the category or to add Allocation detail to an initial entry. If more lines are needed than initially appear, enter the information for the initially appearing lines, Save, and click Add Record again for more lines.

Edit Record: Click the button beside the record to be edited before clicking this box. This will allow the user to change data previously added to this record.

Delete Record: Click the button beside the record to be deleted before clicking this box. This will delete the selected record.

Save: Used to save the current data. This will save the information in the current location and allow additional Add, Edit or Delete actions.

Save and Return: This saves the current data and returns to the prior level screen.

Cancel: Cancels all unsaved information on the current screen and returns user to the prior level screen.

Stop Signs: A stop sign appears when an action needs to be taken by the preparer in order to either continue or before finalizing the accountability report. They inform the preparer that an action must be taken prior to being able to "Save" information in the current screen, that an edit must be responded to before the report can be finalized, or that a required piece of information is needed on the current screen.

User Interface and Dashboard

Entity List

The screenshot shows a user interface for John Smith. At the top, there is a navigation bar with three tabs: "Dashboard" (selected), "Cost Reporting", and "Manage". Below the navigation bar, there is a "Reference Materials" link. The main content area is divided into two columns. The left column contains the user's name "John Smith", a link to "Edit My Info", the title "Director", the address "123 Main St. Austin, TX", the phone number "Phone: 123456789", and a section titled "Your Roles" with two entries: "100007001 - 24RCC" and "100007002 - 24RCC". The right column contains a section titled "Important Information" with a message dated "01/15/2014" and a link "click here". Below this is a section titled "Important Upcoming Dates" and "Upcoming Training Dates" with two links: "Register for Cost Report Training (excluding MEI)" and "Register for MEI Cost Report Training". At the bottom, there are two sections: "General Reference Material" with four links (Helpful Information for Contacts and Preparers, How to Import Depreciable Assets Instructions, STAIRS - Managing Contacts - Procedures, Uploading File Instructions, and 2015 STAIRS General Announcement) and "Program Specific Reference Material" with one link: "Program Specific Reference Materials".

The initial screen a STAIRS user will see upon logging into the system is the Dashboard. From there the user can see and edit their personal contact information to include e-mail, address, and telephone and fax numbers. Important information messages, listings of important dates, and upcoming training opportunities are included on the Dashboard page. Training registration can be accessed from this page.

By clicking on "Manage" to the right on the top bar, the user can, depending on his or her permissions, add a contact, attach a person to a role or assign a preparer. This is also where contact information is kept updated. It is imperative to maintain correct / current contact information in order to receive necessary automated messages and deadlines regarding reports/contracts.

The document titled "Managing Contacts Processing Procedures" gives detailed instructions for managing contacts, including understanding roles and what can be done within the system by persons assigned to the various roles. This document is located in the Reference Materials section located at the bottom of all STAIRS pages.

The Upload Center is also located under "Manage".

Once the user is in the system, they can click on "Cost Reporting" on the top bar. If the user has access permission for only a single cost report group, for example Cost Report Group 001 for two 24-RCC contracts, then there will only be one option to click on the

initial Cost Reporting page. If the user has access permission for more than one cost report group, for example Cost Report Group 002 for one 24-RCC contract and Component Code 8zz for HCS/TxHmL, then the user will need to choose the component code and report in which the user wishes to work.

Combined Entity Data

Step 1. Combined Entity Identification

1. Combined Entity Identification

| | |
|--|---|
| <p>Combined Entity Identification</p> <hr/> <p>Phone: Fax: Street Address: Mailing Address:</p> <p>✔ Edit Information</p> | <p>Entity Contact Identification</p> <hr/> <p>Name: Job Title: Entity Name: Email: Phone: Fax: Mailing Address:</p> <p>✔ Edit Information</p> |
| <p>Financial Contact</p> <hr/> <p>Name: Job Title: Entity Name: Email: Phone: Fax: Mailing Address:</p> <p>✔ Edit Information</p> | <p>Report Preparer Identification</p> <hr/> <p>Name: Job Title: Entity Name: Email: Phone: Fax: Mailing Address:</p> <p>✔ Edit Information</p> |
| <p>Location of Accounting Records that Support this Report</p> <hr/> <p>Primary Physical Address:</p> <p>✔ Edit Information</p> | |
| <p><input type="button" value="Save"/> <input type="button" value="Save and Return"/> <input type="button" value="Cancel"/></p> | |

Combined Entity Identification

In this section the provider may update telephone, e-mail and address information for the combined entity. If this is a single provider entity with no combined entities, this will be the information for the contracted provider as well.

Entity Contact Identification

In this section, the provider may update the information on the contact person. The contact person must be an employee of the controlling entity, parent company, sole member, governmental body, or related-party management company (i.e., the entire related organization) who is designated to be contacted concerning information reported on the cost report. The contact person should be able to answer questions about the contents of the provider’s cost report.

Financial Contact Identification

A primary contact may designate a Financial Contact. This person can review the accountability report but may not make entries into the system. The Financial Contact must be an employee of the controlling entity, parent company, sole member, governmental body, or related-party management company, an external contracted preparer may not be listed as a provider’s Financial Contact.

Report Preparer Identification

In accordance with 1 TAC §355.102(d), it is the responsibility of each provider to ensure that each cost report preparer who signs the Cost Report Methodology Certification completes the required HHSC-sponsored cost report training. The STAIRS cost reporting

application will identify whether the person designated as a preparer has completed the required training. A list of preparers who have completed the training may be accessed through the Rate Analysis website (see the WEBSITE section of the General Instructions) by scrolling down to the "Training Information" heading and clicking on "View Cost Report Training Information", then "Preparer List."

Preparers must complete cost report training for every program for which a cost report is submitted. Such training is required every other year for the odd-year cost report in order for the preparer to be qualified to complete both that odd-year cost report and the following even-year cost report. To sign as preparer of a 2019 cost report for a specific program, the preparer must attend the appropriate 2019 Cost Report Training webinar.

Cost and/or Accountability report preparers may be employees of the provider or persons who have been contracted by the provider for the purpose of cost and/or accountability report preparation. Outside preparers may not be listed as either Entity or Financial contacts. NO EXEMPTIONS from the cost report training requirements will be granted.

Location of Accounting Records that Support this Report

Enter the address where the provider's accounting records and supporting documentation used to prepare the cost report are maintained. These records do not refer solely to the work papers used by the provider's cost report preparer. All working papers used in the preparation of the cost report must be maintained in accordance with 1 TAC 355.105(b)(2)(ii). (See also the Recordkeeping section of the General Instructions.)

Step 2. General Information

2. General Information

| | |
|--|------------|
| Combined Entity Report Period Beginning (mm/dd/yyyy) * | 01/01/2018 |
| Combined Entity Report Period Ending (mm/dd/yyyy) * | 12/31/2018 |

Do you request to aggregate by program those contracts held by this Combined Entity which participated in the Rate Enhancement for the purpose of determining compliance with spending requirements? Indicate below by applicable program. If you only have one contract in a particular program or are only submitting one cost report for a program select "No" for aggregation.

| | |
|-----------|--|
| CLASS DSA | |
| DAHS | |
| DBMD | |
| HCS/txHML | |
| ICF/ID | |
| NF | |
| PHC | |
| RC | |

Combined Entity Reporting Period Beginning and Ending Dates

These dates represent the beginning and ending dates for the combined entity's reporting period. If this is a single provider entity with no combined entities, the information for the contracted provider will be used as that of the combined entity. For a combined entity that submitted a cost report in a prior year, these dates will be based on the dates from the prior cost report. For a combined entity that is reporting for the first time this year, the dates are based on the contract beginning date and the assumption that the provider is on a calendar fiscal year, so has an ending date of 12/31 of the cost report year. If these dates are not correct, contact HHSC Rate Analysis at costinformation@hhsc.state.tx.us for assistance. Failure to assure that the reporting period is correctly identified will result in the cost report being returned and all work previously done on the report being deleted from the system.

This reporting period should include the earliest date the combined entity had a contract with DFPS during the entity’s fiscal year ending in 2019 and run through the earlier of the end of the combined entity’s 2019 fiscal year or the last date on which the combined entity held a contract with DFPS. This date span must match DFPS records regarding the effective dates of the combined entity’s current contract(s). If there is a discrepancy, the cost report will be rejected as unacceptable and returned for proper completion. To change the provider’s corporate fiscal year for cost-reporting purposes, the provider must send written notification to the Rate Analysis Department. The notification should include the name of each affected contracted provider, all 3-digit Cost Report Group Codes, and all 9-digit contract numbers. The notification should also include documentation from the IRS approving the change. The provider must state the effective date of the change and the previous corporate fiscal year. Rate Analysis will notify the provider in writing how to handle each month for cost-reporting purposes, since no cost report can cover more than 12 months. If the provider faxes the notification, it must be followed with an original in the mail. For contracting purposes, DFPS Provider Enrollment must be notified on the appropriate forms.

Step 3. Contract Management

Step 3.a. Verify Contracts for Requested Reports

3.a. Verify Contracts for Requested Reports

| Active Entire Report Period? | Cost Report Group Code | Contracting Entity Name | CR Type | Program | Site Type | Contract # | Contract Name | Enhancement Participation | Note |
|---|------------------------|-------------------------|---------|---------|-----------|------------|---------------|---------------------------|----------------------|
| <input checked="" type="radio"/> Yes <input type="radio"/> No | 100007001 | ZZZ RAD 24RCC | 24RCC | SSCC | n/a | 123456601 | ZZZ RAD 24RCC | | <input type="text"/> |

This list carries over from year to year. It is a list of all IID program component codes and PHC, CLASS, DAHS, RC and STAR+PLUS contracts operated by the provider’s combined entity grouped by Cost Report Group Codes. For each cost report group, the preparer must indicate in the left-most column whether the component code or all contracts in the Cost Report Group were active during the entire cost report period. If the answer to this question for a specific component code/contract is “No”, then an explanation must be entered in the Note column.

If the preparer believes that one or more additional component codes/contracts should be added to the prepopulated list or that a component code/contract included in the prepopulated list should be deleted, contact HHSC Rate Analysis at costinformation@hhsc.state.tx.us for assistance. Providers cannot add to or delete from this list independently. Failure to correctly verify this list may result in all STAIRS cost reports for the combined entity being returned as unacceptable.

Step 3.b. Enter Other Business Components (Other Contracts, Grants or Business Relationships with the State of Texas or any other entity, or other funding sources)

This is a list of all Texas and out-of-state business relationships in which the combined entity is involved not already listed in **Step 3.a.** and must include all other contracts (i.e.: Medicare, CACFP, Hospice etc). For each contract, grant or business, the preparer must indicate in the left-most column whether the contract, grant or business was active during the entire accountability report period. If the answer to this question for a specific contract, grant or business relationship is “No”, then an explanation must be entered in the Note column.

A preparer can add, edit or delete items from this list. Clicking Add will lead to the Add Contracts screen where all the necessary information can be added. See graphic below. Any changes to this list will trigger changes to the cost report(s) for any other component code(s) controlled by the provider’s combined entity. If another preparer has verified steps involving allocation, then completed steps will need to be verified again. The other preparer will need to address those steps again prior to completing those reports.

Note: STAR-PLUS contracts should be listed in **3.a.**, not to be listed in **3.b.**

3.b. Enter Other Business Components (Other Contracts, Grants or Business Relationships with the State of Texas or any other entity, or other funding sources)

| <input type="checkbox"/> | Active Entire Reporting Period | Contract Type | Service Type | Contracting Entity Name | Contract # / Provider Identification | Added By | Note |
|--------------------------|--------------------------------|---------------|---|-------------------------|--------------------------------------|----------|----------------------|
| <input type="checkbox"/> | Yes | DSHS | Youth Empowerment Services | | 123456789 | HHSC RAD | |
| <input type="checkbox"/> | Yes | | Other - provide explanation: Pizza Restaurant | | N/A | HHSC RAD | |
| <input type="checkbox"/> | Yes | | Other - provide explanation: Medicare | | 4567890120 | HHSC RAD | |
| <input type="checkbox"/> | Yes | | Other - provide explanation: funding source | | 12345670 | HHSC RAD | funding source |
| <input type="checkbox"/> | Yes | | Other - provide explanation: taco restaurant | | N/A | HHSC RAD | taco rest. shared CO |
| <input type="checkbox"/> | Yes | | Other - provide explanation: Pizza Restaurant | | 123456 | HHSC RAD | Pizza |
| <input type="checkbox"/> | Yes | | Other - provide explanation: test | | test | HHSC RAD | test |
| <input type="checkbox"/> | Yes | HHSC | Personal Care Services | | 11100000 | HHSC RAD | |

Information necessary to add an additional contract includes

- A. Was the contract active during the entire cost report period? – If “No” is chosen, provider will be required to enter an explanation in the Notes section.
- B. Contract Type – The contract type will drive available options in Service Type below. Contracts which are neither state nor Medicare, such as contracts with related durable medical equipment entities, will be designated as “Other”.
- C. Service Type – The service type menu is driven by the Contract Type above. If the service type is not listed, the preparer should choose “Other”. If the preparer chooses “Other”, a box will appear for entry of the type of other contract, such as durable medical equipment contract.
- D. Contract # / Provider Identification – The contract number or other identifying information regarding the contract. For contracts that don’t have state or federal contracting numbers, this may be the legal name of the related organization with which the provider is contracting.

To Edit or Delete a contract, select it by clicking the round button to the far left beside that contract. Then choose an action, either Edit Record or Delete Record.

Step 3.c. Verify Business Component Summary

3.c. Verify Business Component Summary

| Contract Type | Report Group Code | Contracting Entity Name | CR Type | Site Type |
|---------------|-------------------|-------------------------|---------|-----------|
| Requested | 100007001 | ZZZ RAD 24RCC | 24RCC | |
| Requested | 100007004 | ZZZ RAD 24RCC | 24RCC | GRO/RTC |

Are there any other contracts, grants, or business relationship with HHSC, the State of Texas, or with any other business entities not included in the summary table above?

Yes

No

This screen lists all cost report groups, grants and business entities contained in **Steps 3.a. and 3.b.** above. Preparers must answer the question at the bottom of the page in order to clear the Stop Sign for this Step. The question "Are there any other contracts, grants, or business relationship with DFPS, the State of Texas, or with any other business entities not included in the summary table above?" must be answered either "Yes" or "No". An answer of "Yes" will take the preparer to **Step 3.b.** above.

Step 4. General Information

From this point forward in the instructions, all requested information must be reported based only on the cost report group for which the cost report is being prepared.

Type of Ownership of Contracting Entity:

Identify the type of ownership of the provider contracting entity from the list. Note: If the provider is a for-profit corporation or one segment of a for-profit corporation (e.g. a dba of a for-profit corporation), "Corporation" is the appropriate entry.

Contracted Provider Reporting Period Beginning and Ending Dates:

These dates represent the beginning and ending dates for the contracted provider's reporting period. For a contracted provider that submitted a cost report in a prior year, these dates will be based on the dates from the prior cost report. For a contracted provider that is reporting for the first time this year, the dates are based on the beginning date of the first contract and on the assumption that the provider is on a calendar fiscal year, so has an ending date of 12/31 of the cost report year. If these dates are not correct, contact HHSC Rate Analysis at costinformation@hsc.state.tx.us for assistance.

Beginning and Ending Dates When the Cost Report Group Did Not Have At Least One Contract Active for the Provider's Entire Fiscal Year Ending in 2019:

In situations where the cost report group did not have at least one contract active for the provider's entire fiscal year ending in 2019, the reporting period must match with DFPS records regarding the effective dates of the provider's current contract(s).

If the provider's reporting period is less than twelve months, the cost report preparer must properly report only those statistics, revenues and expenses associated with the reporting period. For example, if the provider's reporting period was 2/1/2019 through 12/31/2019, it is unacceptable for the cost report preparer to report 11/12 of the provider's annual days of service, annual revenues, and annual expenses. Instead, the cost report preparer should only report information related to the reporting period, meaning that units of service, revenues, and costs related to the month of January 2019 are not to be included anywhere on the cost report.

If the reporting period does not begin on the first day of a calendar month or end on the last day of a calendar month, it is imperative that the cost report preparer properly report only those statistics (i.e., units of service), revenues, and costs associated with the actual cost-reporting period. If, for example, the provider's cost-reporting period was 8/15/2019 through 12/31/2019, it is unacceptable for the cost report preparer to report 37.8% of the provider's total days of service, revenues, and costs for the year. Rather, the cost report preparer must report the days of service, revenues and costs associated only with the period 8/15/2019 through 12/31/2019. Since the month of August is partially reported (i.e., 8/15 - 8/31), the cost report preparer will have to calculate 17/31 of various costs

applicable to the month of August (e.g., building rent/depreciation, August utilities, and other such "monthly" costs) and include that with the actual costs for September - December. For questions regarding the appropriate method for reporting information for less than a full year, please contact the Rate Analysis Customer Information Center.

Did you provide RC Days during this cost reporting period?

Click either "Yes" or "No". When a provider clicks "No", You may be eligible for a cost report excusal. If you have provided any services during the reporting period, change the answer to "Yes". If not, please contact the Rate Analysis Department at radcostreportverification@hsc.state.tx.

Was an accrual method of accounting used for reporting all revenues, expenses and statistical information on this report, except for where instructions require otherwise?

Click either "Yes" or "No". If "No", provide a reason in the Explanation Box. For the definition of the accrual method of accounting, see the **Definitions** section. An accrual method of accounting must be used in reporting information on Texas Medicaid cost reports in all areas except those in which instructions or cost-reporting rules specify otherwise. Cost reports submitted using a method of accounting other than accrual will be returned to the provider, unless the provider is a governmental entity (i.e., Type of Ownership is in the Government column) using the cash method or modified accrual method. Refer to 1 TAC §355.105(b)(1) for additional information on accounting methods.

Did the preparer(s) of this report review the most recently received audit adjustments and make the necessary revisions when preparing this report?

Click either "Yes" or "No". If the answer is "No", provide an Explanation. Each provider should review the most recent cost report audit results (desk review or field audit) and make any necessary changes to the current cost reports. (Refer to 1 TAC §355.107.) If the provider is in the process of appealing an audit adjustment when the current cost report is submitted, the preparer is still required to make any necessary changes resulting from the prior cost report audit or informal review decision. The provider may include an explanation of the provider's disagreement with the manner in which a particular cost has been required to be reported as a result of the previous audit or informal review.

Does the provider have work papers that clearly reconcile between the fiscal year trial balance and the amounts reported on this report? If No, please provide an explanation.

Click either "Yes" or "No". When a provider clicks "Yes", then the workpapers must be uploaded to the report. There should not be situations where a provider responds to this question with "No." Each provider must maintain reconciliation work papers and any additional supporting work papers (such as invoices, canceled checks, tax reporting forms, allocation spreadsheets, financial statements, bank statements, and any other documentation to support the existence, nature, and allowability of reported information) detailing allocation of costs to all contracts/grants/programs/business entities. In order to facilitate the audit process, it is thus required that the cost report preparer attach a reconciliation worksheet, with its foundation being the provider's year-end trial balance. Refer to 1 TAC §355.105(b)(2)(A).

Are you reporting Central Office expenses in this report?

Click either "Yes" or "No". If "Yes" is clicked, then upload the Central Office Allocation Methodology.

Are you reporting any allocated Non-Central Office Program Administration expenses?

Click either "Yes" or "No". If "Yes" is clicked, then the Non-Central Office Program Administration Allocation Methodology must be uploaded to the report. This situation would occur when the Program Administrator is a Central Office employee, but directly charges their 24-RCC Program Administrator time to the program.

The total number of State placement days (DFPS, other State of Texas agencies and County or other Government agencies only) types broken out by level. Report placement days without levels in "Not by LON".

Report the total number of placement days for all referrals from any Texas Governmental body; examples include DFPS, the Texas Department of Juvenile Justice, the Department of Aging and Disability Services, and local city or county governments. Do not include referrals from states other than Texas. Report all placement days where the referring agency does not use placement levels or uses a placement level definition different than the DFPS levels as "Not by LON". The SSCC should report all DFPS referrals here.

The total number of non-State placement days broken out by level. Report placement days without levels in "Not by LON".

Report the total number of placement days for all referrals from an entity *other than* a Texas Governmental body. This includes private pay, referrals from other States and referrals from the SSCC. The SSCC should not report self-referrals in this item, but rather in "***The total number of State placement days (DFPS, other State of Texas agencies and County or other Government agencies only) types broken out by level. Report placement days without levels in "Not by LON".***".

Number of Residents the Facility is Licensed to serve at the end of the reporting period

Report the licensed capacity of the facility at the end of the reporting period. CPAs should report "0".

Did you evacuate your facility due to Hurricane Harvey?

Click either "Yes" or "No". If "Yes" is clicked, then you will be prompted with the following request:

Please report all expenses above normal operating costs that are directly related to Hurricane Harvey.

NOTE: Do NOT include costs related to Hurricane Harvey anywhere else on this cost report.

Enter the total amount of expenses, above normal operating costs, that were incurred as a direct result of Hurricane Harvey. Please round your reported amount to the nearest whole dollar.

Did you accept evacuees from Hurricane Harvey that did not become permanent residents in your facility?

Click either "Yes" or "No". If "Yes" is clicked, then you will be prompted with the following request:

Please report all expenses above normal operating costs that are directly related to Hurricane Harvey.

NOTE: Do NOT include costs related to Hurricane Harvey anywhere else on this cost report.

Enter the total amount of expenses, above normal operating costs, that were incurred as a direct result of Hurricane Harvey. Please round your reported amount to the nearest whole dollar.

Step 5. Placement Days and Revenue Entry

Report statistical data in steps 5a through 5c as appropriate.

Step 5.a. Bed Hold Days

2019 - Cost Report: 100007001 - 24RCC -- ZZZ RAD 24RCC

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5.a. Bed Hold Days and Revenue

Please enter and verify the information below

For Billing and Service codes please visit our Bill Code crosswalk [here](#)

| Bed Hold Days | | |
|---|----------------------|----------------------|
| Type | Bed Hold Days | Bed Hold Revenue |
| SSCC's Bed Hold Referrals and Revenue Paid to Subcontractors | <input type="text"/> | <input type="text"/> |
| Subcontractor's Bed Hold Referrals and Revenue Received from SSCC | | |
| Temporary Emergency Placement Days - Bed Hold ONLY | | |
| TOTAL | 0 | 0.00 |

| Other Revenue | |
|--|----------------------|
| Type | Revenue |
| Non-DFPS Revenue (SSCC only) | <input type="text"/> |
| Non-DFPS and Non-SSCC revenue (ALL Providers Except SSCC) | |
| DFPS System Enhancement Fee (SSCC only) | <input type="text"/> |
| SSCC Revenue (ALL Providers Except SSCC) | |
| DFPS Exceptional Care Days Revenue (ALL Providers Except SSCC) | |
| TOTAL | 0 |

Statistical Information for 24-RCC for Entire Reporting Period

SSCC Bed Hold Referrals and Revenue Paid to Subcontractor

Enter total number of bed hold days and revenue paid to all subcontractors. This item is to be completed by the SSCC only.

Subcontractor's Bed Hold Referrals and Revenue Received from SSCC

Report the total number of bed hold days and bed hold revenue during the reporting period regardless of whether the beds were occupied. This item is to be completed by the subcontractor only.

Temporary Emergency Placement Days - Bed Hold Only

Report the total number of bed hold days and bed hold revenue for all Temporary Emergency Placements during the reporting period.

Non-DFPS Revenue

Report the total revenue received from all referral sources other than DFPS. This item is to be completed by the SSCC only.

Non-DFPS and Non-SSCC Revenue

Report the total revenue received from all referral sources other than DFPS. This item is to be completed by all providers except SSCCs. SSCCs should report their non-DFPS revenue in the previous item.

DFPS System Enhancement Fee

Report the total amount in System Enhancement Fees paid by DFPS. This item is to be completed by the SSCC only.

SSCC Revenue

Used to report the revenue an SSCC has paid to a 24-RCC provider for delivering services. For example, an RTC contracts with an SSCC to provide residential services to children. The RTC would report the monies they receive from the SSCC in this line item.

DFPS Exceptional Care Days Revenue

Report the total revenue amount by all providers except SSCC.

Step 5.b. Placement Days

5.b. Placement Days

Please enter and verify the information below

Save Save and Return Cancel

| Placement Days Rate Period 2 01/01/2019 - 12/31/2019 | | | | | | | | | | |
|---|------------|-------|----------|-------------|---------|--------------|------|------------------------|------------------------------|-------------------------------|
| Referral Source | Not By LON | Basic | Moderate | Specialized | Intense | Intense Plus | IPTP | Emergency Care Service | Treatment Foster Family Care | Temporary Emergency Placement |
| DFPS Referrals | | | | | | | | | | |
| Other Texas State or Other Local Agency Referrals (DADS, DSHS, TJJD, County, etc) | | | | | | | | | | |
| Out of State Agency (Not In Texas) Referrals | | | | | | | | | | |
| Private or Other Referrals | | | | | | | | | | |
| Single Source Continuum Contractor (SSCC) Referrals | | | | | | | | | | |
| DFPS Exceptional Care Referrals | | | | | | | | | | |
| TOTAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Report the total number of placement days, that the beds did not have placements during the reporting period, broken out by referral source and type of referral. Report all placement days where the referring agency does not use placement levels or uses a placement level definition different than the DFPS levels as "Not by LON".

"Not by LON(Level of Need)" is used when DFPS has a specific LON not assigned.(Basic, Moderate, Specialized, intense and Intense plus.

Step 5.c. Foster Family Pass Through Expenses

5.c. Foster Family Pass Through

Please enter and verify the information below

Save Save and Return Cancel

| Pass Through Paid to Foster Families Rate Period 2 01/01/2019 - 12/31/2019 | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|------------------------------|
| Referral Type | Not By LON | Basic | Moderate | Specialized | Intense | Treatment Foster Family Care |
| DFPS Referred Children | | <input type="text"/> |
| SSCC Referred Children | <input type="text"/> |
| Non-DFPS Referred Children | <input type="text"/> |
| TOTAL | 0 | 0 | 0 | 0 | 0 | 0 |

This section of the cost report is for use by CPAs and SSCCs to report the total Foster Family Pass Through dollars paid to foster families.

DFPS Referred Children

Report all pass through funds paid to foster families providing care to DFPS-referred children. The SSCC should report pass through for children as "Not by LON" unless they can confirm the service level is the DFPS level.

SSCC Referred Children

Report all pass through funds paid to foster families providing care to SSCC-referred children. The SSCC should not use this item to report pass through.

Non-DFPS Referred Children

Report pass through paid to foster families providing care to children referred from for a non-DFPS and non-SSCC entity. Report all pass through funds where the referring agency does not use placement levels or uses a placement level definition different than the DFPS levels as "Not by LON".

Providers may receive state or federal funding in the form of grants and Medicaid revenue. If so, the provider must offset the revenue against costs before these costs are reported on the cost report. Each provider who receives grants or Medicaid revenue must show how the grant or Medicaid revenue is offset against costs on the Trial Balance Reconciliation worksheet(s). Educational and vocational services revenue must also be offset against costs in this step along with interest revenue or gains on sales of assets.

The revenue received must reconcile with your trial balance and trial balance reconciliation worksheet(s). The costs that are being offset by this revenue must reconcile with the costs shown on your trial balance, Trial Balance Reconciliation Worksheet(s) and cost report.

Since the cost report excludes both Runaway and Homeless Youth (RHY) and STAR days of service from the statistics reported in the cost report, **do not report costs associated with RHY and STAR in the cost report.** Show adjustments for RHY and STAR on the Trial Balance Reconciliation and Cost Allocation worksheets.

If any revenue received was allocated between two or more facilities, or between a residential facility and non-residential program, provide the details of the allocation

process. For any allocated grants or revenue, show only the revenue offset related to the cost report facility. In addition, when revenue offsets salary costs, the work hours corresponding to the revenue also need to be offset before the work hours are reported on the cost report. The purpose of this step is to summarize the offset of any work hours, corresponding to the grant or Medicaid revenue received that offsets salaries reported on the cost report, before the work hours are reported on the cost report.

If you received interest income/revenue during the cost-reporting period and also incurred interest expense for a working capital loan (i.e., an operating line-of-credit), the interest income/revenue must first be used to offset the interest expense on the working capital loan. If there is an excess of interest income after offsetting the working capital loan interest expense, then offset interest on other loans (e.g., vehicles, purchases, etc.).

Step 5.d. Revenue Offsets

5.d. Revenue Offsets

| | |
|--|----|
| Do you have any other types of revenue not reported in Steps 5.a. - 5.c.? | No |
| Does any of your other revenue offset costs reported elsewhere in this report? | No |

[Return](#)

Do you have any other types of revenue not reported in Steps 5.a. - 5.c.?

Click the appropriate response. If the provider received no other revenue no further information is necessary.

Total other Revenue for the Reporting Period

If the provider indicated they received other revenue during the reporting period, this question will appear. Enter the total dollar amount of revenue not reported in **Steps 5.a. - 5.c.** This can include State or Federal Grants, Medicaid Revenue, Educational Services Revenue, Vocational Services Revenue, Interest Revenue, or realized Gains on Sales of Assets.

Does any of your other revenue offset costs reported elsewhere in this report?

Click the appropriate response. If the other revenue did not offset any costs reported in the cost report no further information is required.

If the provider indicates the other revenue offset costs on the cost report, upload documentation with the following information for all revenue offsets.

1. A description and source of revenue
2. the amount of revenue
3. the cost report step and item the revenue is applied to
4. the total cost prior to offset; and
5. the remaining cost reported

Step 6. Wages and Compensation

6a. General Information

| | |
|--|--|
| Do you have any employee-related self-insurance expenses to report on this cost report? * | <input type="radio"/> Yes <input type="radio"/> No |
| Total number of central office staff employed by the controlling entity on the last day of the cost reporting period. * | Number Employed * <input type="text"/> |
| Total number of non-central office staff employed by the contracted provider on the last day of the cost reporting period. | Number Employed * <input type="text"/> |
| Do you have any Related-Party Wages and Compensation (Employee or Contractor) included in the Cost Report? * | <input type="radio"/> Yes <input type="radio"/> No |
| Do you directly offer any Education Services? | <input type="radio"/> Yes <input type="radio"/> No |
| Do you directly offer any Vocational Services? | <input type="radio"/> Yes <input type="radio"/> No |

Do you have any employee-related self-insurance expenses to report on this cost report?

If "Yes," answer the next question. If "No," skip the next question and proceed with the rest of the questions.

Please select "Yes" or "No" for the following self-insurance expenses that you are reporting on this cost report.

If previous question was answered "Yes" then click on each self-insurance category reported on this cost report.

Total number of central office staff employed by the controlling entity on the last day of the cost-reporting period.

Total number of non-central office staff employed by the controlling entity on the last day of the cost-reporting period.

It is important to count employees only once. Enter the number of employees employed on the last day of the reporting period, not the number of full-time equivalents. Employees that worked in both a central office and a non-central office position should be reported as central office employees only. Do not include contract labor or consultants.

Do you have any Related-Party Wages and Compensation (Employee or Contractor) included in the Cost Report?

Click "Yes" or "No". See **Definitions**, *Related Party* to determine if provider must report a related party. If the preparer clicks "Yes" then the Step on the main Wages and Compensation page called **Step 6.b.** will be activated for entry.

Documentation Requirements for all wages, compensation and benefits

All staff whose duties include multiple direct care services (e.g., direct care workers, direct care trainers, and job coaches) and/or both direct care services and non-direct care services must maintain daily, continuous timesheets. The daily timesheet must document, for each day, the person's start time, stop time, total hours worked, and the actual time worked (in increments no greater than 30 minutes) performing each separate function to be reported in different lines of the cost report. Time must be directly charged and allocation of time is not acceptable in such situations.

Required documentation of direct care service staff hours and compensation includes, but is not limited to, timesheets (for staff performing more than one function or working for more than one entity), job descriptions, payroll records and written policies relating to compensation and benefits.

See 1 TAC §355.103(b)(2) and §355.105(b)(2)(xi) for specific information about allowable costs and documentation requirements for related-party wages and compensation.

Step 6.b. Related-Party

6b. Related-Party

| First Name | Middle Initial | Last Name | Suffix | Birth Date (mm/dd) | Relationship to Provider | Percentage Ownership (if no ownership, enter 0) | Total Hours Worked | Total Compensation | Hourly Wage Rate | Is Allocation Complete |
|------------|----------------|-----------|--------|--------------------|--------------------------|---|--------------------|--------------------|------------------|------------------------|
| | | | | | | | | | | |

Save
 Save and Return
 Cancel
 Add Record
 Edit
 Delete Record

This Step will be disabled and the preparer will not be able to make entries if the answer was “No” to the question regarding Related Party Wages and Compensation on **Step 6.a.** above. If that question was erroneously answered “No”, the preparer will need to return to that item and change the response to “Yes” to be able to enter data in this Step.

For each owner-employee, related-party employee and/or related-party contract staff:

1. Click “Add record”

6b. Related-Party

| First Name | Middle Initial | Last Name | Suffix | Birth Date (mm/dd) | Relationship to Provider | Percentage Ownership (if no ownership, enter 0) | Total Hours Worked | Total Compensation | Hourly Wage Rate | Is Allocation Complete |
|------------|----------------|-----------|--------|--------------------|--------------------------|---|--------------------|--------------------|------------------|------------------------|
| | | | | | | | | | | |

Save
 Save and Return
 Cancel
 Add Record
 Edit
 Delete Record

- A. First Name
- B. Middle Initial
- C. Last Name
- D. Suffix – e.g. Jr., III, Sr.
- E. Birth Date – Format as mm/dd (e.g. 10/26 for October 26). Year is not requested.
- F. Relationship to Provider – This could be blood relationship (Father, Sister, Daughter, Aunt), marriage relationship (Wife, Mother-in-Law, Brother-in-Law), Ownership (in the case of a corporation or partnership), or control (membership in board of directors, membership in related board of directors, etc.)
- G. Percentage Ownership (in cases of corporation or partnership)
- H. Total Hours Worked – Total hours worked for all entities within the entire combined entity. If the related party was paid for a “day of service”, then multiply that day by 8 to report hours.
- I. Total Compensation – Total compensation (wages, salary and/or contract payments) paid to the related party by all entities within the entire combined entity. It is expected that all individuals will have received some form of compensation from within the combined entity.

Note: This must be actual compensation, without any adjustments based on related-party status. Any adjustments required by 1 TAC 355.105(i) will be made automatically in STAIRS during the audit process.

- J. Hourly Wage Rate – Calculated figure based on Total Compensation divided by Total Hours Worked.
- K. Allocation or Direct Cost to Business Components. – Select or enter contract number in which to allocate costs.
- L. Allocate or Direct Cost to Line items. – Select or enter line item in which to allocate costs.

Note: If the preparer needs to delete a related-party after filling out the data fields for A thru J listed above, preparer must zero out the Total Hours Worked as well as the Hours listed on the grey bar. Click on the individual to delete and on Delete Record.

2. Click “Save” to enter Business Component and Line Item Allocation(s)

The available business components are limited to the businesses and contracts entered in **Step 3**. If a business component that should receive a portion of the allocated cost of the item(s) is not in the drop-down menu, then the preparer should return to **Step 3.b.** and enter the missing business component data. Allocate or direct cost all hours reported for the individual under Total Hours Worked and Total Compensation to a business component before proceeding. The Hourly Wage Rate will automatically be calculated. If allocated, an allocation method must be chosen and an allocation summary uploaded when prompted.

6b. Related-Party

| First Name | Middle Initial | Last Name | Suffix | Birth Date (mm/dd) | Relationship to Provider | Percentage Ownership (if no ownership, enter 0) | Total Hours Worked | Total Compensation | Hourly Wage Rate |
|----------------------|----------------------|----------------------|----------------------|----------------------|--------------------------|---|----------------------|----------------------|----------------------|
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |

Business Component & Line Item Allocation

Add Record

| TOTAL | | Hours | Compensation |
|--|--|---|--------------|
| Select Business Component Allocation Methodology <input type="text"/> | | Attach Methodology <input type="text"/> Select file or upload new file | |

Save Cancel

- A. Business Component – The drop-down menu includes all business components for the provider entity. If provider entity only has one business component, the drop down menu does not appear and the single business component is automatically entered under business component.
- B. Click “Add Record” – Generates additional lines to record Line Item information for each business component. Choose and Click “Add Record” until all business components to which this related party will be allocated have been added.

3. Enter Line Item Allocation(s)

- A. Hours – On the grey bar, enter hours allocated or direct costed to each business component. Compensation amount will be automatically calculated.
- B. Line Item – The drop-down menu includes all staff types reportable in this cost report.
- C. Job Title – Related Party’s title within the specific business component

- D. Position Type - Identify the type of position (e.g., central office, management, administrative, direct care, nurse, or direct care supervisory) filled by the related individual.
- E. Description of Duties – Provide a description of the duties performed by the related individual as they relate to the specific cost report or upload a copy of the person's written job description, providing a summary of how those duties relate to the specific cost report, and reference that upload in this item.
- F. Employed/Contracted –Select either Contracted or Employed. If it happens that the related party is compensated during the year both as an employee and as a contractor for the same activity, then the hours for contracted would have to be entered separately from the hours for employed.
- G. Total Hours Worked – Enter hours allocated or direct costed to each area. Allocate or direct cost all hours reported for the individual for the business component to an area before proceeding. Compensation will automatically be calculated.
- H. Organizational chart – Upload an organizational chart or select from the drop down menu of documents that have already been uploaded. The organizational chart must include both name and position of each related party.
- I. Line Item Allocation Methodology – If allocated to multiple line items, an allocation method must be chosen and an allocation summary uploaded. This will be required only if there were multiple line items entered.
- J. Business Component Allocation Methodology – After all business component line item allocations have been completed, reporting a related party in multiple business components will also require that a business component allocation method be chosen and an allocation summary uploaded.

Step 6c SSCC's Subcontractor Payments

6c. SSCC's Subcontractor Payments

| Referral Type | Placement Days Purchased | Total Dollars Paid | Average Dollars per placement day |
|------------------------------|--------------------------|----------------------|-----------------------------------|
| | A | B | C=B/A |
| GRO/RTC | <input type="text"/> | <input type="text"/> | |
| CPA | <input type="text"/> | <input type="text"/> | |
| Emergency Care Services | <input type="text"/> | <input type="text"/> | |
| Foster Family | <input type="text"/> | <input type="text"/> | |
| JPTP | <input type="text"/> | <input type="text"/> | |
| Exceptional Care | <input type="text"/> | <input type="text"/> | |
| Treatment Foster Family Care | <input type="text"/> | <input type="text"/> | |
| TOTAL | 0 | 0 | 0.00 |

Save Save and Return Cancel

The SSCC should report all placement days and payments made to subcontractors the actual provision of care. Report bed hold days and payments in **Step 5.a**.

Placement Days Purchased

Report the total number of placement days purchased from subcontractors by referral type/setting. Include self-referred days. Report only actual days of care.

Total Dollars Paid

Report the total dollars paid to subcontractors for the provision of services by referral type/setting. Report only payments for actual days of care.

Average Dollars per Placement Day

Calculated figure based on Total Dollars Paid divided by Placement Days Purchased.

Step 6.d. Non-Administrative and Operational Personnel

6d. Non-Administrative and Operational Personnel

| Type | Non-Related Party | | | | Related Party | | | | Related Party and Non-Related Party | | | Total Compensation M (C+E+G+H+J+L) | Average Staff Rate N [(C+G)/(B+F)] | Average Contracted Rate O [(E+I)/(D+H)] | Average Mileage Reimbursement per mile P (L/K) |
|---|------------------------|------------------------|-----------------------------|-------------------------------|------------------------|------------------------|-----------------------------|-------------------------------|-------------------------------------|---------------------|----------------------------|--|--|---|--|
| | Total Staff Hours B | Total Staff Wages C | Total Contracted Hours D | Total Contracted Payment E | Total Staff Hours F | Total Staff Wages G | Total Contracted Hours H | Total Contracted Payment I | Employee Benefits/Insurance J | Miles Traveled K | Mileage Reimbursement L | | | | |
| A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P |
| Case Management | | | | | | | | | | | | \$0 | \$0.00 | \$0.00 | \$0.00 |
| Housekeeping / Kitchen And Dietary | | | | | | | | | | | | \$0 | \$0.00 | \$0.00 | \$0.00 |
| Counselors, Therapists And Social Workers | | | | | | | | | | | | \$0 | \$0.00 | \$0.00 | \$0.00 |
| Program Directors And Program Coordinators | | | | | | | | | | | | \$0 | \$0.00 | \$0.00 | \$0.00 |
| Treatment Coordinators And Directors | | | | | | | | | | | | \$0 | \$0.00 | \$0.00 | \$0.00 |
| Maintenance Staff | | | | | | | | | | | | \$0 | \$0.00 | \$0.00 | \$0.00 |
| Staff Development Trainer | | | | | | | | | | | | \$0 | \$0.00 | \$0.00 | \$0.00 |
| Driver | | | | | | | | | | | | \$0 | \$0.00 | \$0.00 | \$0.00 |
| Vocational Staff | | | | | | | | | | | | \$0 | \$0.00 | \$0.00 | \$0.00 |
| SSCC Service Coordinator | | | | | | | | | | | | \$0 | \$0.00 | \$0.00 | \$0.00 |
| Psychological Services Staff | | | | | | | | | | | | \$0 | \$0.00 | \$0.00 | \$0.00 |
| Education Liaison | | | | | | | | | | | | \$0 | \$0.00 | \$0.00 | \$0.00 |
| Psychiatrists And Physicians | | | | | | | | | | | | \$0 | \$0.00 | \$0.00 | \$0.00 |
| Educational Staff | | | | | | | | | | | | \$0 | \$0.00 | \$0.00 | \$0.00 |
| Registered Nurse/Licensed Vocational Nurse | | | | | | | | | | | | \$0 | \$0.00 | \$0.00 | \$0.00 |
| Medical/Health Care Technician/Nurse's Aide | | | | | | | | | | | | \$0 | \$0.00 | \$0.00 | \$0.00 |
| Intake And Evaluation Staff | | | | | | | | | | | | \$0 | \$0.00 | \$0.00 | \$0.00 |
| Intake And Evaluation Supervisors And Directors | | | | | | | | | | | | \$0 | \$0.00 | \$0.00 | \$0.00 |
| Houseparents/ Child Care Staff | | | | | | | | | | | | \$0 | \$0.00 | \$0.00 | \$0.00 |
| Other Facility & Operations Staff | | | | | | | | | | | | \$0 | \$0.00 | \$0.00 | \$0.00 |
| Foster Family Recruiting and Retention Staff | | | | | | | | | | | | \$0 | \$0.00 | \$0.00 | \$0.00 |
| Recreation & Activity Staff | | | | | | | | | | | | \$0 | \$0.00 | \$0.00 | \$0.00 |
| TOTAL | 0.00 | \$0 | 0.00 | \$0 | 0.00 | \$0 | 0.00 | \$0 | \$0 | 0 | \$0 | \$0 | | | |

When appropriate

The first section:

Columns B-E: Non-Related Party Total Staff Hours, Total Staff Wages, Total Contract Hours, and Total Contract Payment: These columns are for non-related party staff of the listed staff types only. Compensation for administrative staff types will be collected in a separate Step of the cost report. All related-party staff must be entered through **Step 6.b.** above. For each staff type enter hours, wages, contracted hours and contract compensation for non-related party employees and contract staff. All staff reported here perform either direct care or non-administrative, indirect care functions.

Total Staff and Contract Hours should include the total number of hours for which employees and contract staff were compensated during the reporting period. This would include hours for both time worked and paid time off (sick leave, vacation, etc.).

Pay for being "on-call" is reported as salaries by staff type but only on-call hours actually worked performing a specific function can be reported as time. For example, if a RN was on call for an entire weekend and received \$200 as on-call compensation, the total \$200 would be reported as wages or compensation. If the RN was required for three hours to provide assistance to staff while on-call during the weekend, only three hours would be reported as paid hours and not the full 48 hours of the weekend.

For staff whose work hours are split between direct non-attendant and indirect service functions and administrative and operations functions (e.g., part-time Registered Nurse and part-time administrator) report in this Step only the hours and compensation associated with the provision of direct non-attendant care (e.g., the part-time Registered Nurse hours).

Columns F-I: Related-Party Total Staff Hours, Total Staff Wages, Total Contract Hours and Total Contract Payment: If there are related-party employee and/or contract staff as described above reported in **Step 6.b.**, these columns are automatically populated after all nonrelated-party costs in Columns B-E have been entered.

Column J: Employee Benefits/Insurance: This column is for BOTH related and non-related party employee staff. For all staff reported in *Non-attendants* compensation above, include the following benefits in this column. These benefits, with the exception of paid claims where the employer is self-insured, must be direct costed, not allocated.

- Accrued Vacation and Sick Leave*
- Employer-Paid Health/Medical/Dental Premiums
- Employer-Paid Disability Insurance Premiums
- Employer-Paid Life Insurance Premiums
- Employer-Paid Contributions to acceptable retirement funds/pension plans
- Employer-Paid Contributions to acceptable deferred compensation funds
- Employer-Paid Child Day Care
- Employer-Paid Claims for Health/Medical/Dental Insurance when the provider is self-insured (may be allocated)

* ACCRUED LEAVE. If the provider chooses to report accrued leave expenses not yet subject to payroll taxes, they must be reported as employee benefits. Providers must maintain adequate documentation to substantiate that costs reported one year as accrued benefits are not also reported, either the same or another year, as salaries and wages. See 1 TAC §355.103(b)(1)(A)(iii)(III)(-c-).

Note: Costs that are not employee benefits Per 1 TAC §355.103(b)(1)(A)(iii)(II), the contracted provider's unrecovered cost of uniforms, staff personal vehicle mileage reimbursement, job-related training reimbursements and job certification renewal fees are not to be reported as benefits but are to be reported as costs applicable to specific cost report line items in **Step 8.f.**, unless they are subject to payroll taxes, in which case they are to be reported as salaries and wages. See 1 TAC §355.103(b)(1)(A)(iii)(III)(-e-) and instructions on staff personal vehicle mileage reimbursement for further direction on the correct reporting of these costs.

Columns K and L: Miles Traveled and Mileage Reimbursement: These columns are for BOTH related and non-related party staff. For all staff reported in *Non-attendants* compensation above, include the personal vehicle miles traveled and the mileage reimbursement paid for allowable travel and transportation in the staff person's personal vehicle. Allowable travel and transportation includes mileage and reimbursements of these staff who transport individuals to/from 24-RCC activities in their personal vehicle, unless payroll taxes are withheld on the reimbursements, in which case they should be included as salaries and wages of the appropriate staff. Allowable travel and transportation also

includes mileage and reimbursements of these staff for allowable training to which they traveled in their personal vehicle.

The maximum allowable mileage reimbursement is as follows:

- 1/1/18 - 12/31/18 54.5 cents per mile
- 1/1/19 - 12/31/19 58.0 cents per mile

Column M: Total Compensation: This column is the sum of Columns C, E, G and I and represents Total Non-Attendant Compensation for that service type.

Column N: Average Staff Rate: This column is the result of Columns C + G divided by Columns B + F and represents the average hourly wage rate of all employee staff, both related party and non-related party.

Column O: Average Contract Rate: This column is the result of Columns E + I divided by Columns D + H and represent the average hourly contract rate of all contract staff, both related party and non-related party.

Column P: Average Mileage Reimbursement per Mile: This column is the result of Column D divided by Column C. This amount should never be greater than the highest allowable mileage rate for the provider’s fiscal year.

Step 6.e Administrative and Operations Personnel

6e. Administrative and Operations Personnel

| Type | Non-Related Party | | | | Related Party | | | | Total Compensation J (C+E+G+I) | Average Staff Rate K [(C+G)/(B+F)] | Average Contracted Rate L [(E+I)/(D+H)] |
|------------------------------------|------------------------|------------------------|-----------------------------|-------------------------------|------------------------|------------------------|-----------------------------|-------------------------------|--------------------------------------|--|---|
| | Total Staff Hours B | Total Staff Wages C | Total Contracted Hours D | Total Contracted Payment E | Total Staff Hours F | Total Staff Wages G | Total Contracted Hours H | Total Contracted Payment I | | | |
| Administrator | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | | | | | \$0 | \$0.00 | \$0.00 |
| Assistant Administrator | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | | | | | \$0 | \$0.00 | \$0.00 |
| Owner | | | | | | | | | \$0 | \$0.00 | \$0.00 |
| Other Administrative Staff | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | | | | | \$0 | \$0.00 | \$0.00 |
| Network Management | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | | | | | \$0 | \$0.00 | \$0.00 |
| Contract Management Staff | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | | | | | \$0 | \$0.00 | \$0.00 |
| Central Office Staff | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | | | | | \$0 | \$0.00 | \$0.00 |
| Community Engagement Staff | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | | | | | \$0 | \$0.00 | \$0.00 |
| Q&A / Utilization Management Staff | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | | | | | \$0 | \$0.00 | \$0.00 |
| TOTAL | 0.00 | \$0 | 0.00 | \$0 | | | 0.00 | \$0 | | | |

*Average excludes Central Office Staff

| Type | Non-Related & Related Party | | | | TOTAL E (B+D) | Average Mileage Reimbursement per Mile F (D/C) |
|-------------------------------------|----------------------------------|----------------------|----------------------------|--|---------------------|--|
| | Employee Benefits/Insurance B | Miles Traveled C | Mileage Reimbursement D | | | |
| Administrative and Operations Staff | <input type="text"/> | <input type="text"/> | <input type="text"/> | | \$0 | \$0.00 |
| Central Office Staff | <input type="text"/> | <input type="text"/> | <input type="text"/> | | \$0 | \$0.00 |
| TOTAL | \$0 | 0 | \$0 | | \$0 | |

Columns B-E: Non-Related Party Total Staff Hours, Total Staff Wages, Total Contract Hours and Total Contract Payment: These columns are for **non-related party staff** of the listed staff types **ONLY**. All related-party staff must be entered through **Step 6.b.** above. For each staff type enter hours, wages and contract compensation for non-related party employees and contract staff. All staff reported here perform administrative or operations functions.

Total Staff and Contract Hours should include the total number of hours for which employees and contract staff were compensated during the reporting period. This would include hours for both time worked and paid time off (sick leave, vacation, etc.).

For staff whose work hours are split between direct administrative and operations functions and other functions (e.g., part-time RN direct service and part-time RN Supervisor) report in this Step only the hours and compensation directly associated with the provision of administrative and operations functions and supported by timesheets (e.g., the part-time RN Supervisor hours and compensation).

There should be no allocated costs reported in Administrator, Assistant Administrator, Owner or Other Administrative Staff, **with the exception of the Administrator/Director whose costs must be reported in the designated line whether they are directly charged or allocated.**

- **Administrator** - Enter here only if an Owner, Partner, or Stockholder is employed in an administration position other than Administrator, Assistant Administrator, or central office employee.
- **Assistant Administrator** - Enter here only if an Owner, Partner, or Stockholder is employed in an administration position other than Administrator, Assistant Administrator, or central office employee.
- **Owner** - Enter here only if an Owner, Partner, or Stockholder is employed in an administration position other than Administrator, Assistant Administrator, or central office employee.
- **Other Administrative Staff** - Enter here any other professional and nonprofessional administrative personnel such as Financial, Clerical, Human Resources, etc., staff.
- **Network Management** - Enter here the hours and compensation for Network Management staff
- **Contract Management Staff** - Enter here the allocated portion of shared administrative staff. If the Administrator has been allocated to the cost report from the central office, assure that the portion of costs reported as Administrator above is not also reported in this line item.
- **Central Office Staff** - Enter here the allocated portion of shared administrative staff. If the Administrator has been allocated to the cost report from the central office, assure that the portion of costs reported as Administrator above is not also reported in this line item.
- **Community Engagement Staff** - Enter here the hours and compensation for Community Engagement Staff
- **Q&A / Utilization Management Staff** - Enter here the hours and compensation for Q&A / Utilization Management Staff

Columns F-I: Related-Party Total Staff Hours, Total Staff Wages, Total Contract Hours and Total Contract Payment: If there are related-party employee and/or contract staff as described above reported in **Step 6.b.**, these columns are automatically populated after all nonrelated-party costs in Columns B-E have been entered.

Column J: Total Compensation: This column is the sum of Columns C, E, G and I and represents Total *Administrative and Operations Personnel* Compensation for that staff type.

Column K: Average Staff Rate: This column is the result of Columns C + G divided by Columns B + F and represents the average hourly wage rate of all employee staff, both related party and non-related party.

Column L: Average Contract Rate: This column is the result of Columns E + I divided by Columns D + H and represents the average hourly contract rate of all contract staff, both related party and non-related party.

For the lower section:

Column B: Employee Benefits/Insurance: This column is for BOTH related and non-related party employee staff. For all staff reported in **Step 6.e.**, include the following benefits in this column. These benefits, with the exception of paid claims where the employer is self-insured, must be direct costed, not allocated.

- Accrued Vacation and Sick Leave*
- Employer-Paid Health/Medical/Dental Premiums
- Employer-Paid Disability Insurance Premiums
- Employer-Paid Life Insurance Premiums
- Employer-Paid Contributions to acceptable retirement funds/pension plans
- Employer-Paid Contributions to acceptable deferred compensation funds
- Employer-Paid Child Day Care
- Employer-Paid Claims for Health/Medical/Dental Insurance when the provider is self-insured (may be allocated)

* ACCRUED LEAVE. If the provider chooses to report accrued leave expenses not yet subject to payroll taxes, they must be reported as employee benefits. Providers must maintain adequate documentation to substantiate that costs reported one year as accrued benefits are not also reported, either the same or another year, as salaries and wages. See 1 TAC §355.103(b)(1)(A)(iii)(III)(-c-).

Note: Costs that are not employee benefits Per 1 TAC §355.103(b)(1)(A)(iii)(II), the contracted provider's unrecovered cost of uniforms, staff personal vehicle mileage reimbursement, job-related training reimbursements and job certification renewal fees are not to be reported as benefits but are to be reported as costs applicable to specific cost report line items, unless they are subject to payroll taxes, in which case they are reported as salaries and wages. See 1 TAC §355.103(b)(1)(A)(iii)(III)(-e-) and instructions on staff personal vehicle mileage reimbursement for further direction on the correct reporting of these costs.

Columns C and D: Miles Traveled and Mileage Reimbursement: These columns are for BOTH related and non-related party employee staff. For all staff reported in **Step 6.e.**, include the personal vehicle miles traveled and the mileage reimbursement paid for allowable travel and transportation in the staff person's personal vehicle. Allowable travel and transportation includes mileage and reimbursements of these staff who transport

individuals to/from 24-RCC activities in their personal vehicle, unless payroll taxes are withheld on the reimbursements, in which case they should be included as salaries and wages of the appropriate staff. It also includes mileage and reimbursements of these staff for allowable training to which they traveled in their personal vehicle.

The maximum allowable mileage reimbursement is as follows:

- 1/1/18 - 12/31/18 54.5 cents per mile
- 1/1/19 - 12/31/19 58.0 cents per mile

Column E: Total of Benefits and Mileage Reimbursement: This column is the sum of Columns B + D.

Column F: Average Mileage Reimbursement per Mile: This column is the result of Column D divided by Column C. This amount should never be greater than the highest allowable mileage rate for the provider’s fiscal year.

Step 7. Payroll Taxes and Workers’ Compensation

Report costs for all staff in Step 7. Report cost for attendant staff, non-attendant / program administration (non-central office) and central office employees separately.

If payroll taxes (i.e. FICA, Medicare, and state/federal unemployment) are allocated based upon percentage of salaries, the provider must disclose this functional allocation method. The use of percentage of salaries is not the salaries allocation method, since the salaries allocation method includes both salaries and contract labor.

7. Payroll Taxes and Workers' Compensation

| | | |
|--|---------------------------|--------------------------|
| Did the provider have a Section 125 or Cafeteria Plan that covers the employees for insurance premiums, unreimbursed medical expenses and/or dependent care costs? | <input type="radio"/> Yes | <input type="radio"/> No |
| Is your entity a Texas Workforce Commission Reimbursing Employer (e.g., not required to pay quarterly taxes to the Texas Workforce Commission (TWC for unemployment coverage)? | <input type="radio"/> Yes | <input type="radio"/> No |

| Taxes and Workers' Compensation | Attendant | Non-Attendant/Program Admin | Central Office | Total |
|--------------------------------------|-----------|-----------------------------|----------------------|-------|
| FICA and Medicare Payroll Taxes | | <input type="text"/> | <input type="text"/> | 0 |
| State and Federal Unemployment Taxes | | <input type="text"/> | <input type="text"/> | 0 |
| Workers' Compensation Premiums | | <input type="text"/> | <input type="text"/> | 0 |
| Workers' Compensation Paid Claims | | <input type="text"/> | <input type="text"/> | 0 |

Did the provider have a Section 125 or Cafeteria Plan that covers the employees for insurance premiums, unreimbursed medical expenses and/or dependent care costs?

Click either “Yes” or “No”.

Is your entity a Texas Workforce Commission Reimbursing Employer?

Click either “Yes” or “No”. If “Yes” is clicked, provider must upload supporting documentation or select a file from the drop down menu of documents that have already been uploaded.

For the following taxes, list separately those for Non-Central Office and for Central Office staff:

FICA & Medicare Payroll Taxes

Report the cost of the employer's portion of these taxes. Do not include the employee's share of the taxes. Unless the provider has indicated that they participate in a Section 125 or Cafeteria Plan that covers the employees for insurance premiums, unreimbursed medical expenses and/or dependent care costs or the provider has reported staff who are paid in excess of the FICA Wage Limit (\$132,900 for 2019), this amount must equal 7.65% of reported wages.

State and Federal Unemployment Taxes

Report both federal (FUTA) and Texas state (SUTA) unemployment expenses.

Workers' Compensation Premiums

If the contracted provider is a subscriber to the Workers' Compensation Act, report here the Worker's Compensation insurance premiums paid to the provider's commercial insurance carrier. If the effective period of the provider's Workers' Compensation insurance policy does not correspond to the provider's fiscal year, it will be necessary to prorate the premium costs from the two policy periods falling within the provider's reporting period to accurately reflect the costs associated with the cost reporting period. Premium costs include the base rate, any discounts for lack of injuries, any refunds for prior period overpayments, any additional modifiers and surcharges for experiencing high numbers of injuries (such as being placed in a risk pool), and any audit adjustments made during the cost-reporting period. The Texas Workers' Compensation Commission audits traditional Workers' Compensation insurance policies yearly and annual adjustments must be properly applied to the cost-reporting period on a cash basis.

If the contracted provider is not a subscriber to the Workers' Compensation Act, there are alternate insurance premium costs that can be reported in this item. Acceptable alternate insurance policies include industrial accident policies and other similar types of coverage for employee on-the-job injuries. Disability insurance and health premiums are **not** considered alternate workers' compensation policies and those costs must be reported as employee benefits (if subject to payroll taxes, they must be reported as salaries). A general liability insurance policy, according to the Texas Department of Insurance, specifically excludes payment for employee on-the-job injuries; therefore, general liability premium costs must not be reported on this item.

If the provider's commercially purchased insurance policy does not provide total coverage and has a deductible and/or coinsurance clause, any deductibles and/or coinsurance payments made by the employer on behalf of the employee would be considered claims paid (i.e., self-insurance) and must be reported in the **Workers' Compensation Paid Claims** item below.

Workers' Compensation Paid Claims

If the provider was not a subscriber to the Workers' Compensation Act (i.e., traditional workers' compensation insurance policy), and paid workers' compensation claims for employee on-the-job injuries, report the amount of claims paid. Also report the part of any workers' compensation litigation award or settlement that reimburses the injured employee for lost wages and medical bills here unless the provider is ordered to pay the award or settlement as back wages subject to payroll taxes and reporting on a W-2, in

which case the cost should be reported in **Step 6**. Note that only the part of the litigation award or settlement that reimburses the injured employee for lost wages and medical bills is allowable on this cost report. If the provider maintained a separate bank account for the sole purpose of paying workers' compensation claims for employee on-the-job injuries (i.e., a nonsubscriber risk reserve account), the contributions made to this account are not allowable on the cost report. This type of arrangement requires that the contracted provider be responsible for payment of all its workers' compensation claims and is not an insurance-type account or arrangement. A nonsubscriber risk reserve account is not required to be managed by an independent agency or third party. It can be a separate checking account set aside by the contracted provider for payment of its workers' compensation claims. However, only the amount for any claims paid should be reported on the cost report, not the amount contributed to any (reserve) account. There is a cost ceiling to be applied to allowable self-insurance workers' compensation costs or costs where the provider does not provide total coverage and that ceiling may limit the costs, which may be reported. See 1 TAC §355.103(b)(13)(B) and §355.105(b)(2)(B)(ix) and **Appendix E**.

Step 8. Facility and Operations Costs

Step 8.a. General Information

8.a. General Information

| | | | | |
|---|---|---|--|--------------------------|
| Do you have any contracted management costs to report? Note: Related-party management expenses must be reported as central office expenses. * | <input type="radio"/> Yes - Non-Related Party | <input type="radio"/> Yes - Related Party | <input type="radio"/> Yes - Both Non-Related Party and Related Party | <input type="radio"/> No |
| Do you have any asset or operations-related self-insurance expenses to report on this cost report? | <input type="radio"/> Yes | <input type="radio"/> No | | |
| Were any supplies or non-depreciable equipment purchased or leased from a related party? | <input type="radio"/> Yes | <input type="radio"/> No | | |
| Were there any related-party loans? | <input type="radio"/> Yes | <input type="radio"/> No | | |
| Were there any related-party contracted services? | <input type="radio"/> Yes | <input type="radio"/> No | | |

All Other Costs

Please note that the information gathered by this item is self-reported, will not be audited, is for informational purposes only and will not be used in the rate determination process. Some costs included in this item may not be allowable in the current reporting period but will be reported as allowable in future years.

Enter Total Unallowable Expenses for the contracts listed in Step 3a for this specific cost report

Do you have any contracted management costs to report? Note: Related-party management expenses must be reported as central office expenses.

If "Yes," please select "Yes - Non-related Party," "Yes - Related Party," or "Yes - Both Non-Related Party and Related Party," or "No"

Do you have any asset or operations-related self-insurance expenses to report on this Cost Report? If "Yes", please select "Yes" or "No" for all of the following self-insurance expenses.

Click either "Yes" or "No" for each expense type. Those self-insuring for vehicle expenses must upload a copy of the Texas Department of Public Safety (TDPS) Certificate of Self-Insurance. See **Appendix E**.

Were any supplies or non-depreciable equipment purchased or leased from a related party?

Click either "Yes" or "No". If "Yes", **Step 8.b.** will become available for entry of related-party transactions. Refer to **Definitions**, *Related Party* and *Related-Party Transactions*.

Were there any related-party loans?

Click either "Yes" or "No". If "Yes", **Step 8.c.** will become available for entry of related-party loan transactions. Refer to **Definitions, Related Party** and *Related-Party Transactions*.

Were there any related-party contracted services?

Click either "Yes" or "No". If "Yes", **Step 8.d.** will become available for entry of related-party transactions with contractors. See the instructions below for a discussion of the types of contracted services to be reported here. Refer to **Definitions, Related Party** and *Related-Party Transactions*.

All Other Costs

Enter Total Unallowable Expenses for the contracts listed in Step 3a for this specific cost report. Please note that the information gathered by this item is self-reported, will not be audited, is for informational purposes only and will not be used in the rate determination process. Some costs included in this item may not be allowable in the current reporting period but will be reported as allowable in future years.

Steps 8.b.-8.d. Related-Party Transactions

See 1 TAC §355.102(i) for specific details and requirements on related-party transactions. If the responses to the final three questions in **Step 8.a.** above were all "No", then the **Steps 8.b.-8.d.** will be disabled and the preparer will not be able to make entries. If any of those questions was erroneously answered "No", the preparer will need to return to that item and change the response to "Yes" to be able to enter data in these three Steps.

The lease or purchase of services (including lending/loan services), facilities, equipment and supplies from related organizations or related individuals by the provider or the provider's central office must be reported as a related-party transaction. Note that for depreciation expenses, related-party status is disclosed separately for each depreciable item when depreciation, amortization and other expenses for related-party and non-related-party assets are entered. In addition, purchases made from a related party by the central office for services, facilities, and supplies must also be reported as related party transactions. An exception is central office costs allocated to the provider that contain no markup (i.e., the cost allocated to the provider is the cost incurred by the central office); these do not have to be reported as related party transactions. This exception does not apply to related-party management costs; these costs must always be reported as central office costs.

Expenses in related-party transactions are allowable at the cost to the related organization; however, the cost must not exceed the price of comparable services, equipment, facilities, or supplies that could be purchased or leased elsewhere in an arm's-length transaction. The related organization's costs include all reasonable costs, direct and indirect, incurred in the furnishing of services, equipment, facilities, leases, and supplies to the provider. The intent is to treat the costs incurred by the supplier as if the contracted provider itself incurred them. Therefore, if a cost would be unallowable if

incurred by the contracted provider, it would be similarly unallowable to the related organization.

See **Definitions**, *Related Party* and *Related-Party Transactions*.

EXCEPTIONS TO THE RELATED-PARTY RULE

An exception (1 TAC §355.102(i)(5)) is provided to the general rule applicable to related organizations if the contracted provider demonstrates for each cost report that certain criteria have been met. If all of the conditions of this exception are met, the charges by the related-party supplier to the contracted provider for services, equipment, facilities, leases, or supplies are allowable costs and do not have to be reported as related-party transactions. Written requests for an exception to the general rule applicable to related organizations must be submitted for approval to HHSC's Rate Analysis Department no later than 45 days prior to the due date of the cost report in order to be considered for that year's cost report. The provider's request for an exception must demonstrate that all of the following criteria have been met:

1. The supplying organization is a bona fide separate organization. See §355.102(i)(5)(A).
2. A majority of the supplying organization's business activity of the type carried on with the contracted provider is transacted with other organizations not related to the contracted provider and the supplier by common ownership or control. See §355.102(i)(5)(B).
3. There is an open, competitive market for the type of services, equipment, facilities, leases, or supplies furnished by the related organization. See §355.102(i)(5)(B).
4. The services, equipment, facilities, or supplies are those which commonly are obtained by entities such as the contracted provider from other organizations and are not a basic element of contracted care ordinarily furnished directly to individuals by such entities. See §355.102(i)(5)(C).
5. The charge to the contracted provider is comparable to open market prices and does not exceed the charge made to others by the organization for such services, equipment, facilities, leases or supplies. See §355.102(i)(5)(D).

If Medicare has made a determination that a related-party situation does not exist or has granted an exception to the related-party definition, and the provider desires that HHSC accept that determination, the cost report preparer must submit a copy of the applicable Medicare determination, along with evidence supporting the Medicare determination for the current cost-reporting period with each affected cost report. If the exception granted by Medicare is no longer applicable due to changes in circumstances of the contracted provider or because the circumstances do not apply to the contracted provider, HHSC can choose not to accept the Medicare determination. See 1 TAC §355.102(i)(5). If the request for a related-party exception

is not received at least 45 days prior to the due date of the cost report, HHSC Rate Analysis is not required to process the request for that cost-reporting year.

Step 8.b Related-Party Non-depreciable Equipment and Supplies

Included in this Step should be all purchases and leases from a related individual or organization of equipment and/or supplies with a value of less than \$5,000 and/or a useful life of less than one year.

1. Click "Add record"

8.b. Related-Party Non-depreciable Equipment and Supplies

| Name of Related-Party/Organization | Type | Description | Cost to Related-Party | Is Allocation Complete? |
|------------------------------------|----------------------|----------------------|-----------------------|-------------------------|
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |

All columns must be completed for each related-party transaction.

- A. Name of Related-Party/Organization – Enter the name of the related party or organization from whom the contracted provider purchased or leased equipment and/or supplies. If the contracted provider is a proprietorship, the related organization could be the individual owner rather than a separate corporation. If the contracted provider is a partnership, the related organization could be one of the partners.
- B. Type – must be chosen from the drop-down menu. This is the cost report line item on which the allowable expense will be reported.
- C. Description – Describe the items/goods purchased or leased from the related party. Examples include purchased office supplies, purchased letterhead, leased or purchased copier or computer (below depreciable value), etc. The entry of related-party lending/loans, contracted services and depreciable purchases or leases will be discussed in other Steps below.
- D. Cost to Related Party – This amount should be the actual cost to the related individual or organization, not to exceed the price of comparable non-depreciable equipment and/or supplies that could be purchased or leased elsewhere in an arm's-length transaction.

2. Click "Save" to enter Business Component and Cost Area Allocation(s)

8.b. Related-Party Non-depreciable Equipment and Supplies

| Name of Related-Party/Organization | Type | Description | Cost to Related-Party |
|------------------------------------|----------------------|----------------------|-----------------------|
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |

The available business components are limited to the businesses and contracts entered in **Step 3**. If a business component that should receive a portion of the allocated cost of the item(s) is not in the drop-down menu, then the preparer should return to **Step 3.b.** and enter the missing business component data. Allocate or direct cost all costs reported for the Related Party/Organization under Cost to the Related Party to a

business component before proceeding. If allocated, an allocation method must be chosen and an allocation summary uploaded.

- A. Business Component – The drop-down menu includes all business components for the provider entity. If provider entity only has one business component, drop-down menu does not appear and the single business component is automatically entered under business component.
- B. Click “Add Record” – Generates additional lines to record Cost Area information for each business component. Choose and Click “Add Record” until all business components to which this expense will be allocated have been added.

3. Enter all Cost Area Information

8.b. Related-Party Non-depreciable Equipment and Supplies

| Name of Related-Party/Organization | Type | Description | Cost to Related-Party |
|------------------------------------|----------------------|----------------------|-----------------------|
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |

Business Component & Line Item Allocation

Add Record

| | | Cost to Related-Party |
|--|----------------------|---|
| <input type="text"/> | Area | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Add Line Item | | |
| TOTAL | | |
| Select Line Item Allocation Methodology | | Attach Methodology |
| <input type="text"/> | <input type="text"/> | <input type="text"/> Select file or upload new file |
| TOTAL | | |
| Select Business Component Allocation Methodology | | Attach Methodology |
| <input type="text"/> | <input type="text"/> | <input type="text"/> Select file or upload new file |

Save Cancel

- A. Cost to Related Party – On the grey bar, enter the cost allocated or direct costed to each business component.
- B. Area – The dropdown menu for “Area” includes all cost areas reportable in this cost report. See **Step 8.f.** for a detailed discussion of Cost Areas. Central Office may only be used for expenses of a central office that are allocated between multiple business components. Costs of a central office which can be directly charged to the contracted provider should be reported as Program Administration. See Definitions, *Central Office*.
- C. Cost to Related Party – Enter the cost to the related party direct costed or allocated to this cost area within the business component.
- D. Cost Area Allocation Methodology – If allocated to multiple cost areas, an allocation method must be chosen and an allocation summary uploaded. This will be required only if there were multiple cost areas selected.
- E. Business Component Allocation Methodology – After all business component cost area allocations have been completed, an expense that is allocated to multiple business components will also require that a business component allocation method be chosen and an allocation summary uploaded.

Step 8.c. Related-Party Loans

Report in this Step any related-party loans from individuals or organizations. Actual interest properly accrued and paid on related-party loans is an allowable cost, but is limited to the interest that would have been charged during the reporting period had the

interest rate on the loan been set at the prevailing national average prime interest rate in effect at the time at which the loan contract was finalized, as reported by the United States Department of Commerce, Bureau of Economic Analysis, in the Survey of Current Business. For those with Internet access, the quickest source of prime interest rate information is the Federal Reserve Bank of St. Louis Web Site (<http://www.stlouisfed.org/>) under Research and Data, FRED® (Federal Reserve Economic Data) Economic Data, Categories, Interest Rates, and Prime Bank Loan Rate. This data series extends back to 1949 and is updated monthly.

1. Click "Add record"

8.c. Related-Party Loans

| | Name of Related-Party/Organization | Type | Description | Inception Date | Loan Amount | Term (months) | Interest | Is Allocation Complete? |
|-----------------------|------------------------------------|------|-------------|----------------|-------------|---------------|----------|-------------------------|
| <input type="radio"/> | | | | | | | | |

- All columns must be completed for each related individual or organization.
- A. Name of Related Party/Organization – Enter the name of the related party or organization from whom the contracted provider purchased or leased equipment and/or supplies. If the contracted provider is a proprietorship, the related organization could be the individual owner rather than a separate corporation. If the contracted provider is a partnership, the related organization could be one of the partners.
 - B. Description – Must be chosen from the drop-down menu – either Mortgage Interest or Other. This is the line item on which the allowable cost will appear in the cost report.
 - C. Please describe – If "Other" was chosen for B above, describe the type of loan.
 - D. Inception Date – Month and year the loan was effective.
 - E. Loan Amount – This should be the total amount of the loan.
 - F. Term – Duration of the loan in months.
 - G. Interest – Allowable interest paid during the reporting period.

2. Click "Save" to enter Business Component and Cost Area Allocation(s)

The available business components are limited to the businesses and contracts entered in **Step 3**. If a business component that should receive a portion of the allocated cost of the item(s) is not in the drop-down menu, then the preparer should return to **Step 3.b.** and enter the missing business component data. Allocate or direct cost all costs reported for the Related Party/Organization under Cost to the Related Party to a business component before proceeding. If allocated, an allocation method must be chosen and an allocation summary uploaded.

8.c. Related-Party Loans

| | Name of Related-Party/Organization | Type | Description | Inception Date | Loan Amount | Term (months) | Interest | Is Allocation Complete? |
|-----------------------|------------------------------------|------|-------------|----------------|-------------|---------------|----------|-------------------------|
| <input type="radio"/> | | | | | | | | |

- A. Business Component – The drop-down menu includes all business components for the provider entity. If provider entity only has one business component, drop-down

menu does not appear and the single business component is automatically entered under business component.

- B. Click "Add Record" – Generates additional lines to record Cost Area information for each business component. Choose and Click "Add Record" until all business components to which this interest expense will be allocated have been added.

3. Enter all Cost Area Information

8.c. Related-Party Loans

| Name of Related-Party/Organization | Type | Description | Inception Date (mm/yyyy) | Loan Amount | Term (months) | Interest |
|------------------------------------|----------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |

Business Component & Line Item Allocation

| | | Interest |
|--|----------------------|---|
| <input type="text"/> | | <input type="text"/> |
| Area | <input type="text"/> | Interest |
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="button" value="Add Line Item"/> | | |
| TOTAL | | |
| Select Line Item Allocation Methodology | | Attach Methodology |
| <input type="text"/> | | <input type="text"/> Select file or upload new file |
| TOTAL | | 1 |
| Select Business Component Allocation Methodology | | Attach Methodology |
| <input type="text"/> | | <input type="text"/> Select file or upload new file |

- A. Interest – On the grey bar, enter the allowable interest expense allocated or direct costed to each business component.
- B. Area – The dropdown menu for "Area" includes all cost areas reportable in this cost report. See **Step 8.f.** for a detailed discussion of Cost Areas. Central Office may only be used for expenses of a central office that are allocated between multiple business components. Costs of a central office which can be directly charged to the contracted provider should be reported as Program Administration. See **Definitions, Central Office.**
- C. Interest – Enter the allowable interest expense direct costed or allocated to this cost area within the business component.
- D. Cost Area Allocation Methodology – If allocated to multiple cost areas, an allocation method must be chosen and an allocation summary uploaded. This will be required only if there were multiple cost areas selected.
- E. Business Component Allocation Methodology – After all business component cost area allocations have been completed, an expense that is allocated to multiple business components will also require that a business component allocation method be chosen and an allocation summary uploaded.

Step 8.d. Related-Party Contracted Services

Report in this Step the purchase of services, such as accounting, legal and consulting services, from a related-party organization or an individual who is NOT an employee of the contracted provider. If the related individual IS AN EMPLOYEE of the contracted provider, a controlling entity, or other related entity, do not complete this Step, but rather complete **Step 6.b**. If reporting a related individual who is providing, as contract labor, activities which are typically performed by employee staff (e.g. Attendant and Nonattendant staff services, Program Administration staff services, etc.), complete **Step 6.b**.

Note: Step 8.d. is just for related party consultants and accountants (etc) but not management. Contracted Management should be entered in **Step 8.f**.

1. Click "Add record"

8.d. Related-Party Contracted Services

Please enter and verify the information below

Save Cancel

| Name of Related-Party/Organization | Type | Description | Cost to Related-Party |
|------------------------------------|--|----------------------|-----------------------|
| <input type="text"/> | -- | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | Fees - Management Contract | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | Building / Equipment - Contracted Services and Maintenance and Repairs | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | Fees - Contracted Administrative, Professional, Consulting and Training Services | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | -- | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | -- | <input type="text"/> | <input type="text"/> |

All columns must be completed for each related individual or organization.

2. Name of Related Party/Organization – Enter the name of the related party or organization from whom the contracted provider purchased services as described above. If the contracted provider is a proprietorship, the related organization could be the individual owner rather than a separate corporation. If the contracted provider is a partnership, the related organization could be one of the partners.
3. Type – must be chosen from the drop-down menu. This is the line item on which the allowable cost will appear in the cost report.
4. Description – Describe the services purchased from the related-party organization or individual. Examples may include data processing services, legal services, accounting services, management consulting services, medical director, accountant, building maintenance, and lawn maintenance.
5. Cost to Related Party – This amount should be the actual cost to the related individual or organization providing the services, not to exceed the price of comparable services that could be purchased elsewhere in an arm's-length transaction.

2. Click "Save" to enter Business Component and Cost Area Allocation(s)

The available business components are limited to the businesses and contracts entered in **Step 3**. If a business component that should receive a portion of the allocated cost of the service(s) is not on the list, then the preparer should return to **Step 3.b**. and enter the missing business component data. Allocate or direct cost all costs reported for the Related Party/Organization under Cost to the Related Party to a business

component before proceeding. If allocated, an allocation method must be chosen and an allocation summary uploaded.

- A. Business Component – The drop-down menu includes all business components for the provider entity. If provider entity only has one business component, drop-down menu does not appear and the single business component is automatically entered under business component.
- B. Click “Add Record” – Generates additional lines to record Cost Area information for each business component. Choose and Click “Add Record” until all business components to which this expense will be allocated have been added.

3. Enter all Cost Area Information

- A. Cost to Related Party – On the grey bar, enter the cost allocated or direct costed to each business component.
- B. Area – The dropdown menu for “Area” includes all cost areas reportable in this cost report. See **Step 8.f.** for a detailed discussion of Cost Areas. Central Office may only be used for expenses of a central office that are allocated between multiple business components. Costs of a central office which can be directly charged to the contracted provider should be reported as Program Administration. See **Definitions, Central Office.**
- C. Cost to Related Party – Enter the cost to the related party direct costed or allocated to this cost area within the business component.
- D. Cost Area Allocation Methodology – If allocated to multiple cost areas, an allocation method must be chosen and an allocation summary uploaded. This will be required only if there were multiple cost areas selected.
- E. Business Component Allocation Methodology – After all business component cost area allocations have been completed, an expense that is allocated to multiple business components will also require that a business component allocation method be chosen and an allocation summary uploaded.

Step 8.e. Depreciation Expense and Related-Party Lease/Purchase of Depreciable Assets

Note that any combined entity that includes a 24-Hour Residential Child Care contract must report all capital assets individually due to Title IV-E requirements.

For cost-reporting purposes, property and assets owned by the contracted provider and improvements to the provider’s owned, leased, or rented property that are valued at \$5,000 or more with an estimated useful life of more than one year at the time of purchase must be depreciated. Any single item costing less than \$5,000 should be expensed and reported as supplies in the applicable cost area. For example, a non-depreciable calculator and a non-depreciable book shelf would be reported as Operations Supplies.

Depreciation for depreciable items must be calculated using the appropriate Steps of the cost report.

For depreciable assets leased from a related party, all costs to be entered are the cost to the related party, not payments by the contracted provider to the related party. For depreciable assets purchased from a related party, the cost entered must be the cost to the related party and not the amount actually paid by the contracted provider for the asset purchased.

The asset type chosen on **Step 8.e.** will determine the line item on which the allowable cost will appear in the cost report. The various types of assets include:

A. Depreciation: Buildings and Building Improvements, Building Fixed Equipment, Leasehold Improvements, Land Improvements, Other Amortization

- i. Buildings and Building Improvements:** structures (and depreciable improvements to those structures) consisting of building shell or frame, building components, exterior walls, interior framing, walls, floors, and ceilings. The building cost can also include a proportionate share of architectural, consulting, and interest expense (incurred during the construction of the building, not mortgage interest) associated with a newly constructed or renovated building (including major additions). Buildings do not include central air conditioning systems and trade fixtures, unless they were part of the building when purchased/renovated. Building improvements that are structural in nature (renovations) should be depreciated as if they were a building. Such improvements should be assigned a life of at least 30 years and a salvage value of at least 10%. When a portion of a building is renovated and all parts of the renovation are placed in service at or about the same time, the renovation should be depreciated as a single depreciable asset over 30 years and not over the estimated life of each of its components. Building improvements that are not structural in nature and do not extend the depreciable life of the building, but whose estimated useful lives are longer than the remaining depreciable life of the building, must be depreciated over the normal useful life of the building improvements. Providers who rent or lease their building must report any building improvement depreciation as leasehold improvement depreciation.
- ii. Building Fixed Equipment:** any equipment which is attached to the building and is intended to be permanent, such as central air conditioning systems and trade fixtures. Providers who rent or lease the facility must report any building fixed equipment depreciation as leasehold improvements depreciation.
- iii. Leasehold Improvements:** improvements a lessee makes to a leased building. These improvements are attached to the building or land in a permanent way. They become the property of the lessor when the lease is terminated. Examples of leasehold improvements are permanent trade fixtures, additions, and betterments. All building equipment and land improvements purchased by a lessee, that are valued at \$5,000 or more at the time of purchase with an estimated useful life of more than one year must be classified as a leasehold improvement and amortized. Leasehold improvements whose estimated lives are longer than the lease term must be amortized over the life of the leasehold improvement.

- iv. **Land Improvements:** assets found on the land area contiguous to, and designed for serving, the contracted provider such as fences, sidewalks, driveways, parking lots, etc. The asset can include a proportionate share of the architectural, consulting, and interest expense associated with newly constructed or renovated buildings. Providers who rent or lease the facility must report land improvement depreciation as leasehold improvement depreciation.
- v. **Research and Development (R&D), Organizational and Start-up:** must be amortized over a period of at least sixty months. R&D costs include those costs related to determining the business feasibility of obtaining a contract and can include costs such as demographic research and consulting fees. Organizational costs may include costs such as legal fees, state incorporation fees, stock certificate costs, underwriting costs, and office expenses incident to organizing the company. Start-up costs include those costs related to employee training, licensing, utilities, facility cleaning, and other preparations that are incurred before the first individual (whether Medicaid or non-Medicaid) is admitted to the program. Startup costs do not include capital purchases, which are purchased assets meeting the criteria for depreciation as described in the Cost Determination Process Rules. Any costs that are properly identifiable as capitalizable construction costs must be appropriately classified as such and excluded from startup costs. Costs related to care for individuals that are incurred after the first individual is admitted, but before the provider is Medicaid-certified, are unallowable costs.

B. Depreciation: Departmental Equipment: any equipment capable of being moved from one site to another, such as all types of furniture, appliances, office machines, and any other items of equipment which are necessary operating assets.

C. Depreciation: Transportation Equipment: equipment used for the transport of individuals in care, staff or materials and supplies utilized by the provider in the provision of contracted care. Depreciation expenses for transportation equipment not generally suited or not commonly used to transport individuals in care, staff, or provider supplies are unallowable costs. This includes motor homes and recreational vehicles, sports automobiles, motorcycles, heavy trucks, tractors and equipment used in farming, ranching and construction. Lawn tractors are to be reported as departmental equipment.

D. (For related party only) Rent/Lease - Building and Building Equipment: includes the assets in a) i. through iv. above that are rented or leased from a related party. Additional expense types for possible building-related costs to the related-party are optional entries.

- i. Mortgage Interest – Mortgage interest for the property leased to the contracted provider that was properly accrued and paid by the related party.
- ii. Interest-Other – Other interest expenses directly related to the property leased to the contracted provider that were properly accrued and paid by the related party.
- iii. Property Tax – Property tax payments for the property leased to the contracted provider that were properly accrued and paid by the related party.
- iv. Insurance Expense – Insurance expenses for the property leased to the contracted provider that were properly accrued and paid by the related party.

- v. Other Expense – Other expenses directly related to the property leased to the contracted provider that were properly accrued and paid by the related party.
- E. **(For related party only) Rent/Lease – Departmental Equipment:** includes the assets in b) above. Additional expense types for possible departmental equipment-related costs to the related-party are optional entries.
- i. Interest-Other – Other interest expenses directly related to the property leased to the contracted provider that were properly accrued and paid by the related party.
 - ii. Other Expense – Other expenses directly related to the property leased to the contracted provider that were properly accrued and paid by the related party.
- F. **(For related party only) Rent/Lease – Transportation Equipment:** includes the assets in c) above. Additional expense types for possible departmental equipment-related costs to the related-party are optional entries.
- i. Transportation-Maintenance, Repairs, Gas, Oil, Interest, Insurance, Taxes, Other – Enter here only the Interest, Insurance and/or Repair and Maintenance expenses directly related to the transportation equipment leased to the contracted provider that were properly accrued and paid by the related party.
 - ii. Other Expense – Other expenses directly related to the property leased to the contracted provider that were properly accrued and paid by the related party.

NOTES

Allowable depreciation expense includes only pure straight-line depreciation. No accelerated or additional first-year depreciation is allowable.

Minimum useful lives must be consistent with "Estimated Useful Lives of Depreciable Hospital Assets", published by the American Hospital Association (AHA) (2013 Version Item Number - Item No. 061189 ISBN: ISBN: 978-1-55648-386-8). Copies of this publication may be obtained by contacting:

Mail: AHA Services, Inc.; P.O. Box 933283; Atlanta, GA 31193-3283
 Toll Free: 800-242-2626 Fax: 866-516-5817
 Website: www.healthforumonlinestore.com

Include only assets of the contracted provider or its central office that are used directly or indirectly in the provision of resident care during the cost-reporting period. For shared central office depreciation, show the percentage allocated to the contracted provider for which the cost report is being prepared and cross-reference to the applicable allocation summary. For shared facility-level depreciation (e.g., depreciation of assets whose usage is shared between the contracted provider and another entity), show the amount allocated to the contracted provider by cost area and cross-reference the applicable allocation summary.

Required detail must be provided for each depreciable asset and each depreciable asset will be assigned a correct estimated useful life as required by 1 TAC §355.103(b)(7)(A-C).

Providers have an option of reporting in **Step 8.e.** each single capital asset and allowing the system to determine the straight-line depreciation amount applicable to the cost report or reporting the depreciation expense per category at the summary level by business component and line item. Providers must choose a depreciation method in **Step 2.** Once the cost report is certified, the provider cannot change the method of reporting depreciation. This method will carry from year to year. Note that any combined entity that includes a 24-Hour Residential Child Care contract will not be able to report capital assets on the summary level due to Title IV-E requirements. These providers must report all capital assets individually.

Reporting Capital Assets Individually:

Depreciable asset information automatically populates from year to year after the initial entry. After the first year, providers will only need to adjust allocations of shared assets to correctly report current year allocation percentages and add new assets. A provider with numerous assets may want to import their basic asset information. This information may be imported into STAIRS. See **Appendix F.**

1. Click "Add Record"

8.e. Depreciation Expense and Related-Party Lease/Purchase of Depreciable Assets

| | |
|--|---|
| Is this a shared asset? | <input type="radio"/> Yes <input type="radio"/> No |
| Related-Party or Non-Related-Party | <input type="radio"/> Non-Related-Party <input type="radio"/> Related-Party |
| Asset | <input type="text"/> |
| Code (optional) | <input type="text"/> |
| Description of Asset | <input type="text"/> |
| Asset in Service at end of period? | <input type="radio"/> Yes <input type="radio"/> No |
| Month/Year Placed in Service (mm/yyyy) | <input type="text"/> |
| Years of Useful Life | <input type="text"/> |
| Historical Costs | <input type="text"/> |
| Salvage Value | <input type="text"/> |
| Depreciation Basis | <input type="text"/> |
| Prior Period Accumulated Depreciation | <input type="text"/> |
| Depreciation for Reporting Period | <input type="text"/> |
| Total Expense for Reporting Period | <input type="text"/> |

- A. Is this a shared asset? – Click "Yes" or "No". If "Yes", the preparer will be asked to allocate the asset between business components and cost areas after saving. If "No", the system will automatically assign the asset to the current cost report.
- B. Related-Party or Non-Related Party – Click "Related Party" if the asset was purchased or leased from a related party or "Non-Related Party" if the asset was purchased from a nonrelated party.

NOTE - Only Related-Party leases are reported through the Depreciation screens. Nonrelated-party leases are reported in **Step 8.f.**
- C. Asset – This is the line item on which the allowable cost will appear in the cost report. If it is a related-party lease, then a drop-down menu with additional expense types will be available for entry of related-party cost.
- D. Code (optional) – For internal provider use.
- E. Description of Asset – This will be chosen from a drop-down menu populated from the AHA Guide discussed in Years of Useful Life below. If the preparer does not find

the type of asset and cannot determine a close match, contact HHSC Rate Analysis to determine if a new asset type should be added.

NOTE: If Building is selected, a drop-down menu will request an address. If the building is being leased (related parties only), a lease agreement must be uploaded.

- F. Asset in Service at end of Period? – Click “Yes” or “No” to note whether this item was in service at the end of the cost reporting period. If “Yes”, enter the Month / Year placed in service. If “No”, enter the Month / Year placed in service and the Month / Year removed from service.
- G. Years of Useful Life – The time period over which the asset must be depreciated. STAIRS populates this based on the Description entered in E. above for all assets except Used Vehicles. For Used Vehicles, determine the required useful life and enter that. Per 1 TAC 355.103(b)(7)(C)(ii), “The estimated life of a previously owned (used) vehicle is the longer of the number of years remaining in the vehicle's depreciable life or three years.
- H. Historical Cost – The cost of acquiring the asset and preparing it for use. Does not include goodwill or, for buildings, the cost of the land (land is not a depreciable item).
- I. Salvage Value – This amount will be calculated automatically. Salvage value is the estimated residual value of the asset for scrap or salvage after its useful life has ended. All buildings must have a minimum salvage value of at least 10% of historical cost for Medicaid cost-reporting purposes. No other salvage values are required.
- J. Depreciation Basis – Calculated figure equal to H minus I.
- K. Prior Period Accumulated Depreciation – Calculated figure. Based on date placed in service and calculation of depreciation on the Depreciation Basis from that date to the beginning date of the cost reporting period.
- L. Depreciation for Reporting Period – Calculated figure. Based on the date placed in service, the beginning date of the cost reporting period, any date entered as Month/Year removed from service) and the remaining useful life.
- M. Total Expense for Reporting Period – Calculated figure. For Related-party leases, this will include costs from C. **d) – f)** above, as well as the depreciation on the asset.

1. Click “Save” to enter Business Component and Cost Area Allocation(s)
Business Component – The available business components are limited to the businesses and contracts entered in **Step 3**. If a business component that should receive a percentage of the asset or related-party leased items is not on the list, then the preparer should return to **Step 3.b.** and enter the missing business component data. Allocate or direct cost 100% of the asset costs a business component before proceeding. If allocated, an allocation method must be chosen and an allocation summary uploaded.

Business Component & Line Item Allocation

| | | Asset in Service at end of period? | Month/Year Placed in Service (mm/yyyy) | Month/Year Removed from Service (mm/yyyy) | Allocation % | Expense for Reporting Period |
|--|------------------------------|------------------------------------|--|--|----------------------|------------------------------|
| 100007001 - 24RCC | | <input type="checkbox"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | |
| Area | 24RCC Specific Cost Category | Asset in Service at end of period? | Month/Year Placed in Service (mm/yyyy) | Month/Year Removed from Service (mm/yyyy) | Allocation % | Expense for Reporting Period |
| <input type="text"/> | <input type="text"/> | <input type="checkbox"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | |
| <input type="button" value="Add Line Item"/> | | | | | | |
| TOTAL | | | | | | |
| Select Line Item Allocation Methodology | | | | Attach Methodology | | |
| <input type="text"/> | | | | <input type="text"/> <small>Select file or upload new file</small> | | |
| TOTAL | | | | | | |
| Select Business Component Allocation Methodology | | | | Attach Methodology | | |
| <input type="text"/> | | | | <input type="text"/> <small>Select file or upload new file</small> | | |

- A. Business Component – The drop-down menu includes all business components for the provider entity. If provider entity only has one business component, the drop-down menu does not appear and the single business component is automatically entered under business component.
- B. Click “Add Record” – Generates additional lines to record Cost Area information for each business component. Choose and Click “Add Record” until all business components to which this expense will be allocated have been added.
- C. Information in the Business Component Grey Bar –
 - a) **Asset in Service at end of period?** – The response for the business component will default to “Yes” if the Asset information above states that the asset itself was in service at the end of the period. This entry field allows for the possibility that the asset is taken out of service for a single business component, but not for all. The allocation of an asset may also change throughout a year. This question allows for flexibility in how asset allocation may change throughout a year.
 - b) **Month/Year Placed in Service (mm/yyyy)** – Enter the month and year the asset was initially placed in service for depreciation purposes for this specific business component.
 - c) **Month/Year Removed from Service (mm/yyyy)** – If the asset was removed from service for this business component during the current year, then enter the month and year that the asset was removed from service.
 - d) **Allocation %** – The percentage of the costs to be allocated to this specific business component.
 - e) **Expense for Reporting Period** – Calculated figure based on the percentage(s) entered.

2. Enter all Cost Area Information

Business Component & Line Item Allocation

| | | Asset in Service at end of period? | Month/Year Placed in Service (mm/yyyy) | Month/Year Removed from Service (mm/yyyy) | Allocation % | Expense for Reporting Period |
|--|------------------------------|------------------------------------|--|--|----------------------|------------------------------|
| 100007001 - 24RCC | | <input type="checkbox"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | |
| Area | 24RCC Specific Cost Category | Asset in Service at end of period? | Month/Year Placed in Service (mm/yyyy) | Month/Year Removed from Service (mm/yyyy) | Allocation % | Expense for Reporting Period |
| <input type="text"/> | <input type="text"/> | <input type="checkbox"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | |
| <input type="button" value="Add Line Item"/> | | | | | | |
| TOTAL | | | | | | |
| Select Line Item Allocation Methodology | | | | Attach Methodology | | |
| <input type="text"/> | | | | <input type="text"/> <input type="button" value="Select file or upload new file"/> | | |
| TOTAL | | | | | | |
| Select Business Component Allocation Methodology | | | | Attach Methodology | | |
| <input type="text"/> | | | | <input type="text"/> <input type="button" value="Select file or upload new file"/> | | |

- A. Area – The dropdown menu for “Area” includes all cost areas reportable in this cost report. See **Step 8.f.** for a detailed discussion of Cost Areas. Central Office may only be used for expenses of a central office that are allocated between multiple business components. Costs of a central office which can be directly charged to the contracted provider should be reported as Program Administration. See Definitions, *Central Office*.
- B. Asset in Service at End of Period? – The response for the cost area will default to “Yes” if the business component information above states that the asset itself was in service at the end of the period. This entry field allows for the possibility that the asset is taken out of service for a single cost area, but not for all. The allocation of an asset may also change throughout a year. This question allows for flexibility in how asset allocation may change throughout a year.
- C. Month/Year Placed in Service – Enter the month and year the asset was initially placed in service for depreciation purposes for this specific cost area.
- D. Month/Year Removed from Service – If the asset was removed from service for this cost area during the current year, then enter the month and year that the asset was removed from service.
 - The two lines above (C and D) also allow for changes in allocation percentages throughout the year. By entering an end date at the point where the allocation changes and adding an additional record with a new ‘placed in service date’ for the new allocation period, the usage changes will be taken into account in the calculation of the depreciation below.
- E. Allocation % – The percentage of the costs to be allocated to this specific cost area.
- F. Expense for Reporting Period – Calculated figure based on the percentage(s) entered.
- G. Cost Area Allocation Methodology – If allocated to multiple cost areas, an allocation method must be chosen and an allocation summary uploaded. This will be required only if there were multiple cost areas selected.
- H. Business Component Allocation Methodology – After all business component cost area allocations have been completed, an expense that is allocated to multiple business components will also require that a business component allocation method be chosen and an allocation summary uploaded.

Step 8.f. Non-Related Party Facility, Operations, Administrative and Other Direct Care Costs

This screen consists of a column for the Line Item Names, three columns for Nonrelated-Party Cost Areas and three columns for Related-Party Cost Areas, a column to total all expenses in each line item and a column for notes. The three columns each for Nonrelated- and Related-Party Cost Areas correlate to the Program Administration & Operations and Central Office, plus a Total. Facility and Operations costs should be reported if the Provider has a Program Administration office. Even if building/facility costs are paid by/through a central office, the portion of the building/facility and operations costs directly related to the contracted provider should be reported in the specific cost area as appropriate. The Program Administration & Operations columns are intended for the reporting of facility and operations costs that directly support the contracts include in the Cost Report Group for which the cost report is being prepared. The Central Office column is intended to capture the allocated portion of shared (i.e., central office) administrative costs. It is important to report all costs in the correct cost area.

The first column of this screen comprises all the Facility, Operations and Administration non-staff line items. Each of these line items will be discussed in detail below. Some of the items may be reportable only in certain cost areas. Where this is the case, the cost report will not allow entry in the cost area(s) where that type of expense may not be reported.

Cost Areas

Program Administration & Operations

- The Program Administration & Operations cost area is intended to capture administrative expenses associated with direct program management of the contracted provider itself. These are considered program administrative expenses and should be directly chargeable to the contracted provider. There should be no allocated costs reported in the program administration cost area, with the exception of an administrator allocated from the central office.

Educational

Report only those educational expenses, on the appropriate line items that have not been reimbursed or provided by a state agency including the Texas Education Agency (TEA), the county, DFPS purchased services provided by outside entities under contract with DFPS, or the local school district. Furthermore, if an outside entity provided educational services on your facility, costs associated with these services are unallowable and should be allocated out of reported costs.

- Educational services are defined as a structured curriculum for students during the regular school year and extended year services for special education children.
- Other services, such as summer school for non-special education children, special training courses, pre-vocational training or seminars, are not considered allowable educational services costs and must not be reported on the cost report.
- Purchased PAL Services expenses should not be reported on the cost report.
- Tuition for private school must be reported as a Direct Care Non-labor expense.
- If an outside entity provides educational services at your facility, costs associated with these services are unallowable and should be allocated out of reported costs.

- You must complete **Step 5.d.** to offset any reimbursed costs or revenue provided by a state agency, including the Texas Education Agency (TEA), the county, or the local school district, against costs before reporting these costs on the cost report.
- When a building or a space within a building is used for both educational and non-educational purposes, the portion of the building and equipment expenses directly related to providing educational expenses in that building or space is allowed on a pro rata basis. The provider must clearly document the proportion of use for educational purposes.

When a building or a space within a building is used for both educational and non-educational purposes, the portion of building and equipment expenses directly related to providing allowable educational services in that building or space is allowed on a pro rata basis. The provider must clearly document the proportion of use for educational purposes. You must allocate the building expenses based on the square footage between the part used for educational purposes and the part used for non-educational purposes. Describe the allocation method that you used in an attachment to the cost report.

- If the square footage of the entire building is 1,200 square feet and the part of the building used solely for education is 300 square feet, then you must divide 300 by 1200. The result is 0.25 (25%).
- Allocate 25% of the building expenses to the educational services and the remaining building expenses, if used for allowable purposes, to the Facility and Operation Costs Area.

If the space (one, two, etc. rooms within the building) used for educational purposes is also used for non-educational purposes, you must perform a second allocation on the shared building expenses. This allocation should be based on the amount of time (percent of time) the space is used for educational purposes and non-educational purposes.

For example, the part of the building used for educational purposes consists of two rooms. The rooms are used 12 hours a day. Of those 12 hours, the rooms are used for 8 hours for educational purposes and 4 hours for non-educational purposes.

- To perform the second allocation, divide the time for educational purposes by the total time the two rooms are used or $8/12$ (.67 or 67%). This percentage (of costs for the two rooms) is then applied to building expenses in the educational services.
- The remaining 33% of building expenses for the two rooms, if used for allowable purposes, are allocated to the Facility and Operations Costs Area.

Vocational

Vocational services expenses are defined, for cost-reporting purposes, as a structured program (such as a working farm or ranch) in which children at the facility actively participate on an ongoing basis. If raising animals is a part of your therapeutic program, the costs incurred should be reported as **Medical and Therapy Equipment Non-Depreciable Purchases/Repairs.**

- Vocational services expenses are defined, for cost-reporting purposes, as a structured program (such as a working farm or ranch) in which children at the facility actively participate on an ongoing basis.

- If raising animals is a part of your therapeutic program, the costs incurred should be reported as Direct Care Non-Labor, Recreation, Clothing, Gifts and Personal Supplies for Children.
- You must complete **Step 5.d.** to offset any facility-earned vocational revenue against costs before reporting these costs on the cost report.
- When a building or a space within a building is used for both vocational and non-vocational purposes, the portion of the building and equipment expenses directly related to providing vocational expenses in that building or space is allowed on a pro rata basis. The provider must clearly document the proportion of use for vocational purposes.

Central Office

- The Central Office cost area is intended to capture the allocated portion of shared (i.e., central office) administrative costs. For example, if documentation supports allowable legal fees directly related to the management of the contracts included in the Cost Report Group, those legal fees should be reported in the Program Administration & Operations cost area. However, if the allowable legal fees were related to the corporation or related organization as a whole (e.g., general employee policies and procedures), the allocated portion would be reported in the Central Office cost area. If an outside accountant prepared the cost report for the contracted provider, the cost should be directly charged to the Program Administration & Operations cost area. If an outside accountant prepares financial statements for the parent company or sole member, the allocated portion of those costs applicable to the contracts include in the Cost Report Group must be reported in the Central Office cost area.
- Allowable central office costs include those costs necessary for the provision of care for contracted services in Texas and an appropriate share of allowable indirect costs. Costs that are unallowable to the contracted provider are also unallowable as central office costs. Central office costs must be reported at the actual cost to the central office with no markup.
- The Central Office cost area of the cost report is self-contained; meaning that all allocated costs associated with the central office are reported in that cost area and should not be reported anywhere else on the cost report.
- For details on allocating shared costs, see **Appendix B.**

8.f. Non-Related-Party Facility, Operations, Administrative and Other Direct Care Costs - Entry

| Type | Non-Related Party | | | | | Related Party | | | | | TOTAL | Notes (optional) |
|---|---------------------------|----------------------|----------------------|----------------------|-------------------------|--------------------------|----------------|-------------|------------|---------------------|-------|----------------------|
| | Program Admin & Operation | Central Office | Educational | Vocational | Non-Related-Party Total | Program Admin& Operation | Central Office | Educational | Vocational | Related-Party Total | | |
| Rent / Lease - Building and Building Equipment | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | \$0 | | | | | | \$0 | <input type="text"/> |
| Rent / Lease - Departmental Equipment / Other | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | \$0 | | | | | | \$0 | <input type="text"/> |
| Interest - Mortgage | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | \$0 | | | | | | \$0 | <input type="text"/> |
| Interest-Working Capital Loans | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | \$0 | | | | | | \$0 | <input type="text"/> |
| Insurance - Building and Equipment | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | \$0 | | | | | | \$0 | <input type="text"/> |
| Taxes - Ad Valorem Real Estate | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | \$0 | | | | | | \$0 | <input type="text"/> |
| Utilities & Telecommunications | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | \$0 | | | | | | \$0 | <input type="text"/> |
| Building / Equipment - Contracted Services and Maintenance and Repairs | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | \$0 | | | | | | \$0 | <input type="text"/> |
| Non-Related Party | | | | | | | | | | | | |
| Type | Program Admin & Operation | Central Office | Educational | Vocational | Non-Related-Party Total | Program Admin& Operation | Central Office | Educational | Vocational | Related-Party Total | TOTAL | Notes (optional) |
| Depreciation - Building & Improvements, Building Fixed Equipment, Leasehold Improvements, Land Improvements, Other Amortization | | | | | | | | | | | \$0 | <input type="text"/> |
| Depreciation - Departmental Equipment | | | | | | | | | | | \$0 | <input type="text"/> |
| Other Non-Depreciable Equipment and Operations Supplies | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | \$0 | | | | | | \$0 | <input type="text"/> |
| Depreciation - Transportation Equipment | | | | | | | | | | | \$0 | <input type="text"/> |
| Rent / Lease - Transportation Equipment or Contracted Transportation Services | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | \$0 | | | | | | \$0 | <input type="text"/> |
| Transportation - Maintenance, Repairs, Gas, Oil, Interest, Insurance, Taxes, Other | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | \$0 | | | | | | \$0 | <input type="text"/> |
| Staff Training / Seminars | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | \$0 | | | | | | \$0 | <input type="text"/> |
| Non-Related Party | | | | | | | | | | | | |
| Type | Program Admin & Operation | Central Office | Educational | Vocational | Non-Related-Party Total | Program Admin& Operation | Central Office | Educational | Vocational | Related-Party Total | TOTAL | Notes (optional) |
| Insurance - Liability | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | \$0 | | | | | | \$0 | <input type="text"/> |
| Travel (not to include mileage reimbursement) | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | \$0 | | | | | | \$0 | <input type="text"/> |
| Fees - Management Contract | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | \$0 | | | | | | \$0 | <input type="text"/> |
| Fees - Contracted Administrative, Professional, Consulting and Training Services | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | \$0 | | | | | | \$0 | <input type="text"/> |
| Licenses and Permits | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | \$0 | | | | | | \$0 | <input type="text"/> |
| Interest - Other | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | \$0 | | | | | | \$0 | <input type="text"/> |
| Taxes - Texas Corporate Franchise Tax | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | \$0 | | | | | | \$0 | <input type="text"/> |
| Non-Related Party | | | | | | | | | | | | |
| Type | Program Admin & Operation | Central Office | Educational | Vocational | Non-Related-Party Total | Program Admin& Operation | Central Office | Educational | Vocational | Related-Party Total | TOTAL | Notes (optional) |
| Taxes - Other (describe) | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | \$0 | | | | | | \$0 | <input type="text"/> |
| Advertising | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | \$0 | | | | | | \$0 | <input type="text"/> |
| Dues and Memberships | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | \$0 | | | | | | \$0 | <input type="text"/> |
| Other (describe) | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | \$0 | | | | | | \$0 | <input type="text"/> |
| THIS SECTION IS FOR DIRECT CARE NON-LABOR COSTS ONLY | | | | | | | | | | | | |
| Type | Program Admin & Operation | Central Office | Educational | Vocational | Non-Related-Party Total | Program Admin& Operation | Central Office | Educational | Vocational | Related-Party Total | TOTAL | Notes (optional) |
| Depreciation - Medical and Therapy Equipment | | | | | | | | | | | \$0 | <input type="text"/> |
| Depreciation - Kitchen & Laundry Equipment | | | | | | | | | | | \$0 | <input type="text"/> |
| Medical And Therapy Supplies And Fees | <input type="text"/> | | | | \$0 | <input type="text"/> | | | | | \$0 | <input type="text"/> |
| Foster Family Development | <input type="text"/> | | | | \$0 | <input type="text"/> | | | | | \$0 | <input type="text"/> |
| Rent/Lease-Kitchen/Laundry/Equipment | <input type="text"/> | | | | \$0 | | | | | | \$0 | <input type="text"/> |
| Kitchen/Laundry Equipment Non-Depreciable Purchases Repairs | <input type="text"/> | | | | \$0 | | | | | | \$0 | <input type="text"/> |
| Recreation Clothing Gifts And Personal Supplies For Children | <input type="text"/> | | | | \$0 | <input type="text"/> | | | | | \$0 | <input type="text"/> |
| Other Direct Care Non-Labor | <input type="text"/> | | | | \$0 | <input type="text"/> | | | | | \$0 | <input type="text"/> |
| Rent/Lease Medical Equipment And Therapy Equipment | <input type="text"/> | | | | \$0 | | | | | | \$0 | <input type="text"/> |
| Medical and Therapy Equipment Non-Depreciable Purchases/Repairs | <input type="text"/> | | | | \$0 | | | | | | \$0 | <input type="text"/> |
| Educational Enrichment Expenses | <input type="text"/> | | | | \$0 | <input type="text"/> | | | | | \$0 | <input type="text"/> |
| Food And Non-Food Supplies | <input type="text"/> | | | | \$0 | <input type="text"/> | | | | | \$0 | <input type="text"/> |
| TOTAL | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |

Save Save and Return Cancel

Line items will accept entry into various nonrelated-party cost areas depending on the line item type. Depreciation expense does not accept direct entry because all depreciation is entered in **Step 8.e**. Certain line items are considered indirect costs only and can only be entered in the Program Administration or Central Office cost areas. All related-party

facility and operations expense transactions must be entered in the appropriate Step of STAIRS and will be transferred onto this screen.

1. Rent/Lease – Building and Building Equipment
 - A. Report building and building equipment lease/rental costs in this item.
 - B. If the rental/lease of a building is from a related party, do not enter directly here. The lease and related costs must be entered in **Step 8.e**. The calculated cost to the related party will be transferred here.
 - C. If the rental/lease of building equipment is from a related party, do not enter directly here. The lease must be entered in **Step 8.b** if the building equipment is non-depreciable (items costing less than \$5,000 or with a useful life of less than one year) or **Step 8.e** if the building equipment is depreciable (items with a cost of \$5,000 or more and a useful life of more than one year).
 - D. Lease deposit payments are not allowable costs at the time of payment. If the total amount of the deposit is not refunded at the specified time noted in the lease, the amount of deposit not refunded and used for allowable costs is allowable for cost-reporting purposes at that time. Lease deposits made for remodeling and purchase of replacement items/fixtures are not allowable costs at the time of payment. If the total amount of the deposit is not refunded at the specified time noted in the lease, the amount of deposit not refunded and used for allowable remodeling and purchase of replacement items/fixtures is allowable for reporting as repairs/maintenance or depreciation, whichever appropriate.
 - E. Lease payments made for goodwill (see **Definitions, Goodwill**) are not allowable costs.
2. Rent/Lease – Departmental Equipment/Other – Report the lease/rental costs of departmental equipment. Departmental equipment would include items such as telephone systems, pagers, facsimile (FAX) machines, photocopiers, and computers.
 - A. If the rental/lease is from a related party, do not enter directly here. The lease and related costs must be entered either in **Step 8.b** if the departmental equipment is non-depreciable (items costing less than \$5,000 or with a useful life of less than one year) or **Step 8.e** if the departmental equipment is depreciable (items with a cost of \$5,000 or more and a useful life of more than one year).
3. Interest – Mortgage – See 1 TAC §355.103(b)(11). Reasonable and necessary interest on current indebtedness is an allowable cost.
 - A. Report the interest expense accrued during the reporting period from the purchase of a facility (i.e., mortgage interest) in this item. If the provider is a nonprofit entity and issued bonds for the purchase of the facility, report the bond issuance costs in this item.
 - B. If a related party funded the loan, do not enter directly here. Enter through **Step 8.c**.
 - C. Late payment fees and penalties are unallowable costs.
 - D. Interest on vehicle loans should be reported in Transportation – Maintenance, Repairs, Gas, Oil, Interest, Insurance, Taxes, Other below.
 - E. Departmental equipment loans, loans for the purchase of building improvements, building renovations, and building equipment and other operational notes should be reported in Interest – Other below.

4. Interest - Working Capital Loans - See TAC §355.103(11) and §355.105(b)(2)(B)(ii). Report the cost of interest paid on working capital loans (e.g., lines of credit) in this line item. If a related-party funded loan, do not report here directly. Enter through **Step 8.c**. The interest expense reported in this item must be offset by any interest income, and only the remaining interest expense, if any, reported here.
5. Insurance – Building and Equipment
 - A. Costs for insurance premiums for buildings, contents, and grounds must be reported with amounts accrued for premiums, modifiers, and surcharges and net of any refunds and discounts actually received or settlements paid during the same cost-reporting period (i.e., the premiums are accrued and related expenses are reported on a cash basis).
 - B. Self-insurance is a means whereby a contracted provider undertakes the risk to protect itself against anticipated liabilities by providing funds in an amount equivalent to liquidate those liabilities. Self-insurance can also be described as being uninsured. See 1 TAC §355.103(b)(13)(B) for additional requirements. Contributions to self-insurance funds or reserves that do not represent payments based on current liabilities are unallowable costs. The amount of allowable insurance costs may also be subject to a cost ceiling. See also 1 TAC §355.103(b)(13)(E) and **Appendix E**.
6. Taxes – Ad Valorem Real Estate – See 1 TAC §355.103(b)(12). Report in this item the cost of ad valorem real estate taxes related to Program Administration and/or Central Office buildings. Tax expenses must be reported on an accrual basis for the cost-reporting period only. If a tax statement covers any period of time outside the cost-reporting period, the cost must be prorated so that the amount reported on the cost report represents only the cost-reporting period.
 - A. Texas corporate franchise taxes are reported in Taxes – Texas Corporate Franchise Tax below.
 - B. Personal property taxes and other operational taxes are reported in Taxes – Other below.
7. Utilities & Telecommunications -
 - A. Biohazard Waste
 - B. Electricity, Gas, Water, Wastewater, Garbage. See 1 TAC §355.103(b)(8). For utility costs to be allowable on the 24-RCC Cost Report, the utilities must be used directly or indirectly in the provision of contracted services. Report the costs associated with buildings in the appropriate area.
 - C. Telecommunications utility costs associated with the contracts include in the Cost Report Group are reported here. Telecommunications refers to the cost for telephone, pager, and facsimile service only and not the cost of purchasing, leasing, or maintaining the associated equipment.
8. Building/Equipment – Contracted Services and Maintenance and Repairs
 - A. Report expenses for contract services relating to building/grounds repairs and maintenance (including contracted janitorial services, contracted fire alarm inspections, and contracted lawn services) here. See 1 TAC §355.103(b)(10)(B).
 - B. Report maintenance supplies related to facility maintenance and non-depreciable repairs and maintenance costs associated with buildings, building equipment and grounds in this item. See 1 TAC §355.103(b)(9)(A-B)

- C. Employee benefits for maintenance staff not subject to payroll taxes, such as uniforms or non-wage incentives may be reported here in the appropriate cost area
- D. Maintenance and Repairs – Report the applicable amount of building and equipment maintenance and repair expenses related to the contracts include in the Cost Report Group. For cost-reporting purposes, repairs and maintenance expenses are categorized as ordinary or extraordinary repairs.
 - a. Ordinary repairs and maintenance are defined as outlays for parts, labor, and related supplies that are necessary to keep an asset in operating condition, but neither add materially to the use value of the asset nor prolong its life appreciably. Ordinary repairs include, but are not limited to, painting, wallpapering, copy machine repair, or repairing an electrical circuit.
 - b. Extraordinary or major repairs involve relatively large expenditures, are not normally recurring, and usually increase the use value or the service life of an asset beyond what it was before the repair. Extraordinary repairs include, but are not limited to, major improvements in a building’s electrical system, carpeting an entire building, replacement of a roof, or strengthening the foundation of a building. Extraordinary repairs that cost \$2,500 or more and have a useful life in excess of one year may not be reported directly in this item. They must be capitalized and depreciated by reporting in **Step 8.e.**. See §355.103(b)(9)(A-B).
- 9. Depreciation – Building & Improvements, Building Fixed Equipment, Leasehold Improvements, Land Improvements, Other Amortization – Enter all buildings, building improvements, building fixed equipment, leasehold improvements, land improvements and amortizable items with a cost of \$5,000 or more and a useful life of more than one year in **Step 8.e.**. The calculated depreciation will be transferred here.
- 10. Depreciation – Departmental Equipment – Enter all departmental equipment with a cost of \$5,000 or more and a useful life of more than one year in **Step 8.e.**. The calculated depreciation will be transferred here.
- 11. Other Non-Depreciable Equipment and Operations Supplies – Report here items which cost less than \$5,000 or have a useful life of less than one year that are not reported on other lines. For all items of cost, report only net expenses, meaning gross expenses less any purchase discounts, rebates, returns or allowances. Report here such non-depreciable equipment used for services for program administration, educational and vocational services, and the allocated portion of central office supplies.
 - A. Small equipment that costs \$5,000 or more and has a useful life of more than one year is considered Departmental Equipment and should be entered as such in **Step 8.e.**
 - A. Non-depreciable equipment purchased or leased from a related party may not be reported here directly. Enter in Step 8b and the allowable costs will be transferred here.
 - B. Report office supplies in each cost area as appropriate.
 - C. Operational supplies include non-depreciable equipment required to maintain and repair departmental equipment, garbage cans/bags, and cleaning supplies used to keep operational areas clean. Report in each cost area as appropriate.

12. Depreciation – Transportation Equipment – Enter all transportation equipment with a cost of \$5,000 or more and a useful life of more than one year in **Step 8.e**. The calculated depreciation will be transferred here.
13. Rent/Lease – Transportation Equipment or Contracted Transportation Services –
 - A. Report transportation equipment lease/rental costs in this item.
 - B. Nonrelated-party rental or lease that is not a capital lease is reported here. All related-party rentals and leases and all capital leases, whether related party or not, for transportation equipment that costs \$5,000 or more and has a useful life of more than one year must be reported through **Step 8.e**.
 - C. Non-depreciable transportation equipment (costing less than \$5,000 or with a useful life of less than one year) rented or leased from a related party, must be reported through **Step 8.b**.
 - D. Contracted Transportation Services – may be a contract with a local taxi company to transport individuals, monthly passes for individuals on the bus system or other contracts to provide transportation of individuals.
14. Transportation – Maintenance, Repairs, Gas, Oil, Interest, Insurance, Taxes, Other – Report transportation expenses related only to the delivery of 24-RCC services. If a vehicle is used for both personal and business use, vehicle logs must be maintained to document and remove expenses related to the personal use. Employee benefits for transportation staff not subject to payroll taxes, such as uniforms or non-wage incentives may be reported here in the appropriate cost area

Grants and contracts from the federal, state, or local governments, such as transportation grants or Housing and Urban Development Grants, should be offset, prior to reporting on the cost report, against the particular cost or group of costs for which the grant was intended. For example, if a grant was received from the Texas Department of Transportation (TX DOT) to assist in the purchase of a van, the amount of the grant would be deducted from the cost of the van and only the remaining cost, if any, reported on the cost report as a depreciable asset.

- A. Insurance, Vehicle – Report the cost for insurance premiums or, in cases of self-insurance, allowable paid claims for vehicles. Report only the portion of the insurance expense directly related to the contracts include in the Cost Report Group. See Insurance – Building and Equipment above for details on proper reporting of Insurance expense.
- B. Interest, Vehicle Loans – Report the interest from loans for vehicles or for repairs/maintenance of vehicles used in the 24-RCC program. If a related party funded the loan, do not enter directly here. Enter through **Step 8.c**.
- C. Property Tax, Vehicles - Report any property tax paid on vehicles used in the 24-RCC program.
- D. Maintenance, Repairs, Gas and Oil – Report the applicable amount of automobile expenses related to this program. Personal use of vehicles must be documented and removed from the cost report. For cost-reporting purposes, repairs and maintenance expenses are categorized as ordinary or extraordinary repairs.
 - a. Ordinary transportation equipment repairs and maintenance are defined as outlays for parts, labor, and related supplies that are necessary to keep an asset in operating condition, but neither add materially to the use value of the asset nor prolong its life appreciably. Ordinary repairs include tune-ups, oil changes, cleaning, inspections, and replacement of parts due to normal

wear and tear (such as tires, brakes, shocks, and exhaust components). Ordinary repairs may be expensed in the year the expense is accrued and reported directly in this item.

- b. Extraordinary or major vehicle repairs involve relatively large expenditures, are not normally recurring, and usually increase the use value or the service life of an asset beyond what it was before the repair. Extraordinary repairs include such things as engine and transmission overhaul and replacement. Extraordinary repairs that cost \$1,000 or more and have a useful life in excess of one year may not be reported directly in this item. They must be capitalized and depreciated by reporting in **Step 8.e.**. See §355.103(b)(9)(A-B).
 - E. Other Transportation Expenses – Expenses such as license tags, parking fees and tolls should be reported in this item. Parking fines or penalties are not allowable costs and should not be in this cost report. Provide an itemization of each category of expense and its associated dollar amount in the Notes section.
15. Staff Training/Seminars – To be allowable, the training must be located within the state of Texas (unless not available in Texas) and be related directly and primarily to the job being performed by the staff person attending the training.
- A. For training conducted within the provider setting, allowable training costs include, but are not limited to, instructor and consultant fees, training supplies, and visual aids.
 - B. For off-site training, allowable costs include costs such as allowable travel costs (which are to be reported in 17. Travel, below), registration fees, seminar supplies, and classroom costs; and meet the other criteria detailed in 1 TAC §355.103(b)(15).
 - C. Training/Seminar costs incurred for Program Administration and Operations and Central Office staff are reported in their respective cost areas.
 - D. Costs for training outside the continental United States are unallowable.
16. Insurance – Liability – See 1 TAC §355.103(b)(13).
- A. Report the cost for insurance premiums for general liability and professional malpractice insurance paid to a nonrelated insurance company in this item, but only in Program Administration and/or Central Office as appropriate. As well, report the premiums paid to a risk retention group registered with the Texas Department of Insurance.
 - B. Costs related to errors and omissions (liability) insurance for board members are allowable.
 - C. Costs paid to a related-party insurance company for liability insurance will not be reported directly in this item. Report those costs through **Step 8.d.**
 - D. Report the cost for paid claims, deductibles and co-insurance for general liability and professional malpractice insurance. The cost of claims paid under a captive insurance arrangement must be reported here. If this is, or may be, a self-insurance situation, see **Appendix E.**
17. Travel (not to include mileage reimbursement) – For purposes of training, allowable travel must be within the state of Texas (unless not available in Texas), be related directly and primarily to the job being performed by the staff person attending the training, and meet the other criteria detailed in 1 TAC §355.103(b)(15).

Other than mileage reimbursement, which is to be reported in **Step 6** with the costs for the various staff types, allowable travel for purposes other than training must be related directly and primarily to the job being performed by the staff person. Such travel must be within the state of Texas except for travel for the purpose of delivering direct contracted client services within 25 miles of the Texas border with adjoining states or Mexico; or the purpose for the travel is to conduct business related to contracted client services in Texas and the travel is between Texas and the contracted provider's central office. All costs for travel outside the continental United States are unallowable costs, with the singular exception of travel required for the delivery of direct contracted client services within 25 miles of the Texas-Mexico border.

The maximum for lodging per diem and meals per diem costs is 150% of the [General Services Administration \(GSA\)'s federal travel rates](#) to determine the maximum lodging and meals reimbursement rates. The GSA's website is:

<http://www.gsa.gov/portal/category/21287>

Once the provider accesses this website, they must select the correct time period from the "Find rates for fiscal year" box, remembering that federal fiscal years begin in October and end in September. *For example, federal fiscal year 2018 began October 1, 2017 and ended September 30, 2018.*

After selecting the correct time period, the provider must click on the picture of the state of Texas, identify the maximum lodging and meals rates for the location of their travel lodging from the table, and multiply those amounts by 1.5. The results are the maximum allowable per diem for lodging (plus applicable city/local/state taxes and energy surcharges) and meals. Tips and alcoholic beverages are not allowable meal costs.

For locations not specifically listed on the GSA website, the maximum allowable lodging and meals per diem rates for cost-reporting purposes are based on the Standard rate (listed on the GSA website) multiplied by 1.5, plus any applicable city/local/state taxes and energy surcharges.

18. Fees – Management Contract – See 1 TAC §355.103(b)(6) and §355.105(b)(2)(B)(xiii).

- A. Reasonable management fees paid to non-related parties are allowable costs. If the contracted provider has a management agreement with a nonrelated business entity to provide management services to the contracts include in the Cost Report Group, report the fees incurred here and upload a copy of the management agreement signed by all interested parties. If an expense is reported in this item, **Step 6.a.**, *Question 1 Do you have any contracted management costs to report?* must be "YES".
- B. If the contracted manager was designated in **Step 6.a.** as a related party, do not enter those costs here. Allowable management fees paid to related parties for administrative services are limited to the actual costs (e.g., staff, supplies, materials, allocated building costs, allocated departmental equipment costs) incurred by the related-party manager for services provided. Related-party

management costs must be reported as central office costs with no mark-up in the specific items related to the cost and must not be combined into one item.

19. Fees – Contracted Administrative, Professional, Consulting and Training Services – See 1 TAC §355.103(b)(2)(C).
- A. Contracted medical records services – Report here.
 - B. Contracted administrative services, such as clerical temporaries, printing services, copying services, and courier delivery services – Report here.
 - C. Report the cost of contracted professional services including allowable expenses related to accountants, attorneys, and data processing. Accounting fees for the preparation of income tax forms and returns are allowable costs; however, income taxes are not allowable costs. See 1 TAC §355.103(b)(2)(C) and §355.105(b)(2)(B)(viii). Professional service fees must be directly related to the activity of the provider only and directly or indirectly related to the provision of services included in the vendor payment.
 - D. Legal, accounting, and other fees and costs associated with litigation between a provider and a governmental entity are unallowable costs. Pursuant to 1 TAC See 1 TAC §355.103(b)(20)(c) and §355.103(b)(20)(I), the costs of litigation that resulted in a court-ordered award of damages or settlements to be paid by the provider or that resulted in a criminal conviction of the provider are unallowable costs. Within the narrow range of circumstances where legal expenses are allowable on the 24-RCC Cost Report, adequate documentation must be maintained as described in §355.105(b)(2)(B)(viii). Expenses incurred because of imprudent business practices are unallowable.
 - E. Allowable expenses for workers' compensation administrative and legal expenses are to be reported here.
 - F. Allowable franchise fees should be reported here. Franchise fees are different from franchise taxes; see Taxes – Texas Corporate Franchise Tax below. Franchise fees that represent “goodwill” or other intangible services are not allowable. See 1 TAC §355.103(b)(20)(C).
 - G. Report seminar/conference registration fees as training and seminar costs in Staff Training/Seminar above.
 - H. The following costs are unallowable and are not to be reported on this cost report: “NSF” (insufficient fund) charges and other penalties; fees paid to members of the provider’s board of directors; and administrative fines and penalties.
20. Licenses and Permits – Include fees for licenses and permits; and license fees paid on behalf of an employee (e.g., Administrator license)
21. Interest – Other (describe) – See 1 TAC §355.103(c)(1) and §355.105(b)(2)(B)(ix-x)
- A. Maintain adequate documentation and report the cost of interest paid on working capital loans (e.g., lines of credit). If a related-party funded loan, do not enter here directly. Enter through **Step 8.c.**
 - B. The interest expense reported in this item must be offset by any interest income, and only the remaining interest expense, if any, reported here.
22. Taxes – Texas Corporate Franchise Tax – See 1 TAC §355.103(b)(12). Report the cost of Texas corporate franchise tax expenses for the cost-reporting period only. This item should not be blank if the provider is a corporate entity. If a tax statement includes any period of time outside the cost-reporting period, the cost must be prorated so that the amount reported on the cost report represents only

costs associated with the cost-reporting period. Franchise taxes are different from franchise fees; allowable franchise fees are reported in Fees – Contracted Administrative, Professional, Consulting and Training Services above. Franchise taxes associated with states other than Texas are unallowable costs.

23. Taxes – Other (describe) – See 1 TAC §355.103(b)(12)(D).

- A. Personal property taxes related to the contents of Program Administration office building(s) and other operational taxes associated with the Program Administration office building(s) only.
- B. Unallowable taxes include federal, state, and local income taxes; excess profit or surplus revenue based taxes; taxes levied on assets not related to the delivery of DFPS-contracted 24-RCC services in Texas; pass-through taxes, such as sales tax collected and remitted; and tax penalties and interest. Self-employment taxes are unallowable. Taxes for which an exemption is available are unallowable.
- C. Taxes in connection with financing, refinancing, or refunding operations, such as taxes on the issuance of bonds, property transfers, issuance or transfer of stocks are unallowable as a tax expense; however, such taxes are usually depreciated or amortized.
- D. Ad valorem property taxes are reported in Taxes - Ad Valorem Real Estate above.
- E. Texas corporate franchise taxes are reported in Taxes – Texas Corporate Franchise Tax above.

24. Advertising – See 1 TAC §355.103(b)(16) for a complete description of allowable and unallowable advertising and public relations expenses. Advertising expenses for recruitment of necessary personnel, yellow page listings no larger than one-eighth of a page, advertising to meet statutory or regulatory requirements, and advertising for the procurement of items related to contracted resident care are allowable costs.

25. Dues and Memberships – See 1 TAC §355.103(b)(14).

- A. Dues for membership in professional associations directly and primarily concerned with the provision of 24-RCC services for which the provider is contracted are allowable. Any portion of the cost for membership that is applied to lobbying or whose purpose is to fund lawsuits or any legal action against the state or federal government is not allowable.
- B. Dues for membership in purchasing organizations or buying clubs are limited to the prorated amount representing purchases made for use in providing contracted services.
- C. Subscriptions to newspapers, journals, and magazines whose content is primarily concerned with the provision of services for which the provider is contracted are allowable and should be reported in the cost area where the salaries of the employees using those subscriptions are reported (i.e. Program Administration and/or Central Office).
- D. Dues or contributions made to any type of civic, political, social, fraternal, or charitable organizations are unallowable. Chamber of Commerce dues are unallowable.

26. Other (describe) – Report here any costs that cannot be reasonably reported in any prior cost category. Any cost reported here should be adequately described. Costs related to boards of directors are unallowable, with the exception of travel costs incurred to attend meetings of the contracted provider's board of directors or

trustees, within limits, (reported in Travel above) and errors and omissions (liability) insurance for board members (reported in Insurance – Liability above).

Direct Care Non Labor Costs

The following costs are direct care non-labor program administrative and operations costs. Depreciable costs are reported in Step 8e and will be transferred to the appropriate line item. For the direct care non-labor costs only, enter related party costs here rather than in **Steps 8.b. - d.**

1. Depreciation - Medical and Therapy Equipment – Enter all medical and therapy equipment with a cost of \$5,000 or more and a useful life of more than one year in **Step 8.e.** The calculated depreciation will be transferred here. ROPES equipment is considered therapeutic equipment and should also be reported **Step 8.e.**
2. Depreciation - Kitchen and Laundry Equipment - Enter all kitchen and laundry equipment with a cost of \$5,000 or more and a useful life of more than one year in **Step 8.e.** Treat costs incurred for improvements, which add to the permanent value of the equipment or appreciably prolong their intended life, as capital expenditures as provided in OMB A-122, Attachment B.27 and B.15. The requirements related to the depreciation of capital expenditures for buildings and equipment are provided in OMB A-122, Attachment B.11. The calculated depreciation will be transferred here.
3. Medical and Therapy Supplies and Fees - Report here all general medical and therapy supplies and nonprescription drugs for use for all children and used by staff to deliver child care services according to level-of-care standards. Supplies and fees which are chargeable to DFPS or sources other than DFPS are to be offset in **Step 5.d.** prior to being included on this item.
 - a. Medical supplies include but are not limited to tongue depressors, swabs, Band-Aids, cotton balls, alcohol, and nursing reference books.
 - b. Also include fees for Hepatitis B vaccinations, TB tests, Chest X-rays, Drug Tests, and Physicals
 - c. Supplies used to administer Hepatitis B vaccinations to staff, as well as costs related to tuberculosis (TB) tests, chest x-rays, drug tests, and physicals.
 - d. Include in this line item costs for non-depreciable general medical equipment (e.g., blood pressure kits).
 - e. Report all staff medical costs required as part of employment in this line item, including staff drug tests and physicals.
 - f. Report health insurance purchased for children. If there is a third payer, offset costs on **Step 5.d.** prior to reporting here.
 - g. Report prescription medications, medical services and dental services necessary for the child’s health not reimbursable by a third party payer (e.g., prescriptions in excess of the monthly Medicaid amount) here. Offset any third party payments in **Step 5.d.**
 - h. Employee benefits not subject to payroll taxes, such as uniforms or non-wage incentives may be reported here.
4. Foster Family Development – Report costs associated with foster family recruitment and retention / network management, including employee benefits not subject to payroll taxes, such as uniforms or non-wage incentives.
5. Rent/Lease Kitchen / Laundry Equipment - Report kitchen/laundry equipment

rental/lease costs in this line item. Examples for the kitchen include: dishwashers, stoves, refrigerators, freezers, mixers, vegetable steamers, etc. Examples for laundry equipment include: clothes washers and dryers.

6. Kitchen / Laundry Equipment Non-Depreciable Purchases/Repairs - Report non-depreciable kitchen and laundry equipment purchases (items costing less than \$5,000 with a useful life of less than one year) and repairs in this line item. In accordance with OMB A-122, Attachment B.27, maintenance and repair costs, which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition, are allowable.
7. Recreation, Clothing, Gifts and Personal Supplies for Children - Report costs remaining after offset of third party payer here. Costs which are chargeable to DFPS or sources other than DFPS are to be offset in **Step 5.d.** prior to being included on this item.
 - a. Report routine recreation fees and supplies costs in this line item. Routine recreation activities are not outlined in the child's plan of care.
 - b. Report only those clothing and allowances and purchases of gifts for children that are not reimbursed by a third party payer (such as county-agency-funded allowances or those funded by a state agency) in this line item. Also exclude money paid from the child's trust fund.
 - c. Report personal care supplies and services, linens, laundry, housekeeping supplies, and personal educational supplies that are not reimbursed by a third party payer (such as personal educational supplies funded by a state or county agency) in this line item.
 - i. Personal care supplies refer to shampoo, toothpaste, deodorants, soaps, combs, hair dryers, etc.
 - ii. Personal care services include haircuts, beauty shop services, manicures, etc.
 - iii. Laundry, linen, housekeeping supplies include sheets, towels, pillowcases, curtains, etc. purchased on behalf of the child. Cleaning supplies and laundry supplies used to clean the clothes and residential areas should be reported in this line item.
 - iv. Personal educational supplies refer to those supplies used by the child (e.g., paper, pencils, and crayons) that usually would have been supplied by the parent.
8. Other Direct Care Non-Labor - Report other direct care non-labor costs in this line item. Actual costs of treatment and all costs paid by third party payers should be excluded from this line item. Other costs reported in this line item include the following:
 - a. Direct Care Staff Travel and Seminars;
 - b. Direct Care Staff Employee Recruitment Costs;
 - c. Direct Care Program Supplies;
 - d. Direct Care Employee Relations Costs;
 - e. Direct Care Staff Dues and Subscriptions;
 - f. Direct Care Staff Professional Malpractice Liability Insurance; etc.
 - g. Tuition for private school
9. Rent/Lease Medical Equipment and Therapy Equipment - Report medical and therapy equipment rental/lease in this line item. Costs which are chargeable to DFPS or sources other than DFPS are to be offset in **Step 5.d.** prior to being included on this item.

10. Medical and Therapy Equipment Non-Depreciable Purchases/Repairs - Report non-depreciable therapy equipment purchases in this line item. Also report therapeutic recreation fees and supplies in this line item. They may include animal supplies and animals used specifically for therapeutic purposes. Costs which are chargeable to DFPS or sources other than DFPS are to be offset in **Step 5.d.** prior to being included on this item.
11. Educational Enrichment Expenses - Report educational enrichment expenses in this line item. Educational enrichment expenses refer to those expenses that would normally be paid for by the parents for extracurricular activities related to school sponsored events such as band instruments, tutors (that are not employees), class rings, etc. Costs which are chargeable to DFPS or sources other than DFPS are to be offset in **Step 5.d.** prior to being included on this item.
12. Food and Non-Food Supplies - Report cost of food and nonfood supplies (net of USDA revenues) in this line item. Food costs associated with employee meals are to be reported as food costs, not as employee benefits. If your facility is served by a central kitchen to which food is brought in daily, report the allocated central kitchen costs (e.g., transportation) in this line item. Offset all USDA revenue prior to reporting any excess food costs in this line item.

Step 8.g. Facility and Operations Costs Summary

This Step provides a summary of the Related and Non-Related-Party Costs entered through **Steps 8.b.-8.f.** This view is more compact than the data entry in **Step 8.f.** The preparer may review these totals against the cost report preparation work papers to assure that all costs are correctly captured.

8.g. Facility and Operations Costs Summary

| Related and Non-Related Party Summary | | | | | |
|---|---------------------------|----------------|-------------|------------|-------|
| Type | Program Admin & Operation | Central Office | Educational | Vocational | TOTAL |
| Rent / Lease - Building and Building Equipment | | | | | |
| Rent / Lease - Departmental Equipment / Other | | | | | |
| Interest - Mortgage | | | | | |
| Interest-Working Capital Loans | | | | | |
| Insurance - Building and Equipment | | | | | |
| Taxes - Ad Valorem Real Estate | | | | | |
| Utilities & Telecommunications | | | | | |
| Building / Equipment - Contracted Services and Maintenance and Repairs | | | | | |
| Related and Non-Related Party Summary | | | | | |
| Type | Program Admin & Operation | Central Office | Educational | Vocational | TOTAL |
| Depreciation - Building & Improvements, Building Fixed Equipment, Leasehold Improvements, Land Improvements, Other Amortization | | | | | |
| Depreciation - Departmental Equipment | | | | | |
| Other Non-Depreciable Equipment and Operations Supplies | | | | | |
| Depreciation - Transportation Equipment | | | | | |
| Rent / Lease - Transportation Equipment or Contracted Transportation Services | | | | | |
| Transportation - Maintenance, Repairs, Gas, Oil, Interest, Insurance, Taxes, Other | | | | | |
| Staff Training / Seminars | | | | | |
| Related and Non-Related Party Summary | | | | | |
| Type | Program Admin & Operation | Central Office | Educational | Vocational | TOTAL |
| Insurance - Liability | | | | | |
| Travel (not to include mileage reimbursement) | | | | | |
| Fees - Management Contract | | | | | |
| Fees - Contracted Administrative, Professional, Consulting and Training Services | | | | | |
| Licenses and Permits | | | | | |
| Interest - Other | | | | | |
| Taxes - Texas Corporate Franchise Tax | | | | | |
| Related and Non-Related Party Summary | | | | | |
| Type | Program Admin & Operation | Central Office | Educational | Vocational | TOTAL |
| Taxes - Other (describe) : | | | | | |
| Advertising | | | | | |
| Dues and Memberships | | | | | |
| Other (describe) : | | | | | |
| DIRECT CARE NON-LABOR COSTS | | | | | |
| Type | Program Admin & Operation | Central Office | Educational | Vocational | TOTAL |
| Depreciation - Medical and Therapy Equipment | | | | | |
| Depreciation - Kitchen & Laundry Equipment | | | | | |
| Medical And Therapy Supplies And Fees | | | | | |
| Foster Family Development | | | | | |
| Rent/Lease-Kitchen/Laundry/Equipment | | | | | |
| Kitchen/Laundry Equipment Non-Depreciable Purchases Repairs | | | | | |
| Recreation Clothing Gifts And Personal Supplies For Children | | | | | |
| Other Direct Care Non-Labor | | | | | |
| Rent/Lease Medical Equipment And Therapy Equipment | | | | | |
| Medical and Therapy Equipment Non-Depreciable Purchases/Repairs | | | | | |
| Educational Enrichment Expenses | | | | | |
| Food And Non-Food Supplies | | | | | |
| TOTAL | \$0 | \$0 | \$0 | \$0 | \$0 |

Online Verification and Submission

Step 9. Preparer Verification Summary

9. Preparer Verification Summary

| Revenue Summary | |
|--|--|
| Total Bed Hold Revenue | |
| Total Private and Other Services Revenue | |
| Other Revenue (less Revenue Offsets) | |
| TOTAL REVENUE | |

| Expense Summary | |
|---|--|
| Total Foster Family Pass Through | |
| Total SSCC Subcontractor Payments | |
| Total Non-Administrative Wages, Benefits and Mileage | |
| Total Administrative and Operations Wages, Benefits and Mileage (less Central Office) | |
| Total Payroll Taxes & Workers' Compensation (Not including Central Office) | |
| Total Facility and Operations Expenses (Not including Central Office) | |
| Total Central Office Expenses | |
| TOTAL REPORTED EXPENSES | |

For more detailed information, click on the link to view the [Preparer Verification Detail](#)

I verify that the information entered is correct.

In accordance with Texas Administrative Code (TAC) Rule §355.105(d)(1)(A), an interested party legally responsible for conduct of the contracted provider may initiate an amendment no later than 60 days after the original due date. Provider-initiated amendment requests can be sent to costinformation@hhs.state.tx.us. Request received that is not signed by an individual legally responsible for the conduct of the contracted provider, or received after the 60th day, will not be accepted. Failure to submit the requested amendment to the cost report by the due date is considered a failure to complete a cost report as specified in the above referenced rule.

If you need assistance, please contact the RAD Customer Information Center at (512) 424-6637 or RAD-LTSS@hhs.state.tx.us

After all items for the cost report have been completed, the report is ready for verification. The summary verification screen shows the Total Reported Revenues and Total Reported Expenses entered into STAIRS. These figures should be checked against the preparer's work papers to assure that all intended non-Medicaid revenues and expenses have been entered.

A link to the Preparer Verification Detail Report is included at the bottom of the page. This provides the detail of all units of service and expenses entered.

Once the preparer has determined that everything is entered correctly and that all appropriate documentation has been uploaded, the report can be verified. The preparer will check the box beside the phrase "I verify that the information entered is correct." Then click the Verify box at the bottom.

Steps 10. and 11. Preparer Certification and Entity Contact Certification

Certification pages cannot be printed for signing and notarizing until the report has been verified. If the report is reopened for any reason, any previously uploaded certifications will be invalidated and must be completed again.

A preparer may print out both the Preparer and Entity Contact Certification pages at the same time. Once one of the Certification pages is printed, the cost report is completed and locked. If it is discovered that additional changes need to be made, the preparer must contact costinformation@hsc.state.tx.us for assistance getting the report(s) reopened.

Certification pages must contain original signatures and original notary stamps/seals when uploaded to STAIRS. These pages must be maintained in original form by the provider. If these pages are not properly completed, the cost report will not be processed until the provider uploads completed pages; if completed pages are not uploaded in a timely manner, the cost report will not be counted as received timely and may be returned. If a report is returned, it is unverified and new certifications, dated after the report has been re-verified will have to be uploaded.

Preparer (Methodology) Certification

This page must be signed by the person identified in **Step 1** of this cost report as *Preparer*. This person must be the individual who actually prepared the cost report or who has primary responsibility for the preparation of the cost report for the provider. Signing as *Preparer* carries the responsibility for an accurate and complete cost report prepared in accordance with applicable methodology rules and instructions. Signing as *Preparer* signifies that the preparer is knowledgeable of the applicable methodology rules and instructions and that the preparer has either completed the cost report himself/herself in accordance with those rules and instructions or has adequately supervised and thoroughly instructed his/her employees in the proper completion of the cost report. Ultimate responsibility for the cost report lies with the person signing as *Preparer*. If more than one person prepared the cost report, an executed Preparer Certification page (with original signature and original notary stamp/seal) may be submitted by each preparer. All persons signing the methodology certification must have attended the required cost report training.

10. Preparer Certification

AS PREPARER OF THIS COST REPORT, I HEREBY CERTIFY THAT:

- I have completed the state-sponsored cost report training for this cost report.
- I have read the note below, the cover letter and all the instructions applicable to this cost report.
- I have read the Cost Determination Process Rules (excluding 24-RCC), program rules, and reimbursement methodology applicable to this cost report, which define allowable and unallowable costs and provide guidance in proper cost reporting.
- I have reviewed the prior year's cost report audit adjustments, if any, and have made the necessary revisions to this period's cost report.
- To the best of my knowledge and belief, this cost report is true, correct and complete, and was prepared in accordance with the Cost Determination Process Rules (excluding 24 RCC), program rules, reimbursement methodology and all the instructions applicable to this cost report.
- This cost report was prepared from the books and records of the contracted provider and/or its controlling entity.

Note: This PREPARER CERTIFICATION must be signed by the individual who prepared the cost report or who has the primary responsibility for the preparation of the cost report. If more than one person prepared the cost report, an executed PREPARER CERTIFICATION may be submitted by each preparer. Misrepresentation or falsification of any information contained in this cost report may be punishable by fine and/or imprisonment.

The Preparer Certification must be uploaded by the Preparer, using his/her own login information.

PREPARER IDENTIFICATION

Name of Contracted Provider:

Printed/Typed Name of Signer: Title of Signer:

 SIGNATURE OF PREPARER

 DATE

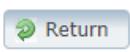
Subscribed and sworn before me, a Notary public on the

_____ of _____, _____
Day Month Year

 Notary Signature

 Notary Public, State of

 Commission Expires



10.a. Upload Preparer Certification

 The Preparer Certification must be uploaded by the Preparer, using his/her own login information.

Upload Preparer Certification Select file or [upload new file](#)

Entity Contact Certification

This page must be completed and signed by an individual legally responsible for the conduct of the provider such as an owner, partner, Corporate Officer, Association Officer, Government official, or L.L.C. member. The administrator of one or more of the contracts include in the Cost Report Group may not sign this certification page unless he/she also holds one of those positions. The responsible party's signature must be notarized. The signature date must be the same or after the date the preparer signed the Methodology Certification page, since the cost report certification indicates that the cost report has been reviewed after preparation.

11. Entity Contact Certification

| AS SIGNER OF THIS COST REPORT, I HEREBY CERTIFY THAT: | |
|---|--|
| <ul style="list-style-type: none"> I have read the note below, the cover letter and all the instructions applicable to this cost report. I have read the Cost Determination Process Rules (excluding 24-RCC), program rules, and reimbursement methodology applicable to this cost report, which define allowable and unallowable costs and provide guidance in proper cost reporting. I have reviewed this cost report after its preparation. To the best of my knowledge and belief, this cost report is true, correct and complete, and was prepared in accordance with the Cost Determination Process Rules (excluding 24 RCC), program rules, reimbursement methodology and all the instructions applicable to this cost report. This cost report was prepared from the books and records of the contracted provider and/or its controlling entity. | |
| <p>Note: This COST REPORT CERTIFICATION must be signed by the individual legally responsible for the conduct of the contracted provider, such as the Sole Proprietor, a Partner, a Corporate Officer, an Association Officer, or a Governmental Official. The administrator/director is authorized to sign only if he/she holds one of these positions. Misrepresentation or falsification of any information contained in this cost report may be punishable by fine and/or imprisonment.</p> <p>In accordance with Texas Administrative Code (TAC) Rule §355.105(d)(1)(A), an interested party legally responsible for conduct of the contracted provider may initiate an amendment no later than 60 days after the original due date. Provider-initiated amendment requests can be sent to: costinformation@nhsc.state.tx.us. Request received that is not signed by an individual legally responsible for the conduct of the contracted provider, or received after the 60th day, will not be accepted. Failure to submit the requested amendment to the cost report by the due date is considered a failure to complete a cost report as specified in the above referenced rule.</p> <p>The Cost Report Certification must be uploaded by the responsible party, using his/her own login information.</p> | |
| SIGNER IDENTIFICATION | |
| Name of Contracted Provider: <input style="width: 100%;" type="text"/> | |
| Printed/Typed Name of Signer: <input style="width: 100%;" type="text"/> | Title of Signer: <input style="width: 100%;" type="text"/> |
| Name of Business Entity: <input style="width: 100%;" type="text"/> | |
| Address of Signer (street or P.O. Box, city, state, 9-digit zip): <input style="width: 100%;" type="text"/> | |
| Phone Number (including area code): <input style="width: 100%;" type="text"/> | FAX Number (including area code): <input style="width: 100%;" type="text"/> |
| Email: <input style="width: 100%;" type="text"/> | |

SIGNATURE OF SIGNER

DATE

Subscribed and sworn before me, a Notary public on the

_____ of _____, _____
Day Month Year

Notary Signature

Notary Public, State of

Commission Expires

Return

Step 12. Provider Adjustment Report

This Step will not be visible until after the report has been reviewed and provider is notified of adjustments to or exclusions of information initially submitted. Providers will receive e-mail notification that their adjustment report is ready. Provider then has 30 days to review their adjustments, this entails clicking on step 12 and reviewing the adjustment report. Once you review Step 12 then Step 13 will be available to Agree or Disagree with the adjustments made. After the end of that 30-day period, the report will be set to the status of Agreed by Default.

12. Provider Adjustment Report

Read only view.

Return

Review Period Expires: February 04, 20XX

In accordance with Title 1 Texas Administrative Code (TAC) §355.107(a), the following report shows adjustments made to your cost report by the Texas Health and Human Services Commission (HHSC). This report shows changes made to values originally reported by the preparer and includes the original amount reported, the amount of adjustment, the amount after adjustment, and the reason for the adjustment. Please note that at the time your report was processed the reported units of service were reconciled to the most recently available, reliable units of service for the reporting period, as reflected in the State's Claim Management System (CMS).

Not shown are the calculated values that changed due to these adjustments. To better understand the overall impact of these adjustments on the total revenues and expenses, you are being provided a Summary Table at the bottom of the report.

It is important that you carefully review this information. You may obtain additional information concerning these adjustments by submitting a written request by United States (U.S.) Mail or special delivery to:

Texas Health and Human Services Commission
Rate Analysis Department, MC H-400
P.O. Box 149030
Austin, TX 78714-9030

General and Statistical

| Step | Sub-Step | Item | Reported Amount | Reconciling Items | Adjusted Amount | Adjusted By | Co |
|------|----------|------|-----------------|-------------------|-----------------|-------------|----|
|------|----------|------|-----------------|-------------------|-----------------|-------------|----|

Expenses

| Step | Sub-Step | Item | Reported Amount | Reconciling Items | Adjusted Amount | Adjusted By | Co |
|------|----------|------|-----------------|-------------------|-----------------|-------------|----|
|------|----------|------|-----------------|-------------------|-----------------|-------------|----|

Revenues

| Step | Sub-Step | Item | Reported Amount | Reconciling Items | Adjusted Amount | Adjusted By | Co |
|------|----------|------|-----------------|-------------------|-----------------|-------------|----|
|------|----------|------|-----------------|-------------------|-----------------|-------------|----|

Expenses

| Step | Sub-Step | Item | Reported Amount | Reconciling Items | Adjusted Amount | Adjusted By | Co |
|------|----------|------|-----------------|-------------------|-----------------|-------------|----|
|------|----------|------|-----------------|-------------------|-----------------|-------------|----|

Revenues

| Step | Sub-Step | Item | Reported Amount | Reconciling Items | Adjusted Amount | Adjusted By | Co |
|------|----------|------|-----------------|-------------------|-----------------|-------------|----|
|------|----------|------|-----------------|-------------------|-----------------|-------------|----|

Summary Table

| Revenue Summary | Total as Submitted | Adjustments | Total After Adjustments |
|--------------------|--------------------|---------------|-------------------------|
| Total Non-Medicaid | \$0.00 | \$0.00 | \$0.00 |
| Total | \$0.00 | \$0.00 | \$0.00 |

| Expense Summary | Total as Submitted | Adjustments | Total After Adjustments |
|---|--------------------|---------------|-------------------------|
| Total Attendant Wages, Benefits and Mileage | \$0.00 | \$0.00 | \$0.00 |
| Total Non-Attendant Wages, Benefits and Mileage | \$0.00 | \$0.00 | \$0.00 |
| Total Administrative and Operations Wages, Benefits and Mileage (less Central Office) | \$1,111.00 | \$0.00 | \$1,111.00 |
| Total Payroll Taxes & Workers' Compensation (Not including Central Office) | \$3.00 | \$0.00 | \$3.00 |
| Total Facility and Operations Expenses (Not including Central Office) | \$0.00 | \$0.00 | \$0.00 |
| Total Central Office Expenses | \$0.00 | \$0.00 | \$0.00 |
| Total | \$1,114.00 | \$0.00 | \$1,114.00 |

Because this cost report indicates participation in rate enhancement in Step 4, your recoupment summary information is being provided below.

In accordance with Title 1 of the Texas Administrative Code (TAC), §355.308(a) for nursing facilities, or §355.112(i) for all other programs, the below Recoupment Summary indicates whether or not the provider is subject to recoupment for failure to meet participation requirements.

If you indicated on STEP 2 of this cost report that you requested to aggregate by program those contracts/component codes held by this Combined Entity which participated in the Attendant Compensation Rate Enhancement for the purpose of determining compliance with spending requirements, the recoupment summary information below represents the estimated total recoupment for all participating contracts/component codes on the cost reports indicated below. This same summary information is displayed on all cost reports affected by the aggregation.

Step 13. Agree/Disagree

This Step will not be visible until after the report has been audited and provider is notified of adjustments to or exclusions of information initially submitted. The Step may only be completed by an individual legally responsible for the conduct of the contracted provider, such as the sole proprietor, a partner, a corporate officer, an association officer, a governmental official, or a limited liability company member. This individual must be designated in STAIRS with an "Entity Contact" or "Financial Contact" role.

This Step must be completed within the 30-day time frame from the date of the e-mail notifying the provider that **Steps 12 and 13** are available to the provider.

For providers with a recoupment amount above \$25,000, the option "I Agree and Request a Payment Plan" will be available during Step 13. This option finalizes the report and requests a payment plan for paying the recoupment.

If a provider's cost report has a recoupment amount below \$25,000, then the provider may still request a payment plan. The Rate Analysis Department has a formula that it uses to determine if a provider is eligible for a payment plan. However, each payment plan request will be determined on a case by case basis that considers the specific circumstances of the provider and the cost report.

Letters for a Payment Plan Request may be emailed to the Director of Rate Analysis for Long-Term Services and Supports at RAD-LTSS@hsc.state.tx.us and must follow these requirements:

- Is on the company letterhead
- Details what is being requested (a payment plan)
- Includes the Cost Report Group number or Contract number of the report
- Includes the year and type of report (Cost Report 2019, for example)
- Is signed by the "an individual legally responsible for the conduct of the interested party, such as the sole proprietor, a partner, a corporate officer, an association officer, a governmental official, a limited liability company member, a person authorized by the applicable HHSC Enterprise or Texas Medicaid and Healthcare Partnership (TMHP) signature authority designation form for the interested party on file at the time of the request, or a legal representative for the interested party. The administrator or director of the facility or program is not authorized to sign the request unless the administrator or director holds one of these positions." Note that this is a person listed on HHSC Form 2031 and is not necessarily the entity contact in STAIRS.
- The request meets the deadline, which is 30 days from the Provider Notification date

A provider who disagrees with an adjustment is entitled to request an informal review of those adjustments with which the provider disagrees. A provider cannot request an informal review merely by signifying provider's Disagreement in **Step 13**. The request, or a request for a 15-day extension to make the request, must be in writing and received by HHSC no later than the review period expiration date. Additionally, the request must include all necessary elements as defined in 1 TAC 355.110(c)(1):

- A concise statement of the specific actions or determinations it disputes;
- Recommended resolution; and
- Any supporting documentation the interested party deems relevant to the dispute.

It is the responsibility of the interested party to render all pertinent information at the time of its request for an informal review. A request for an informal review that does not meet the requirements outlined above will not be accepted.

When a provider selects "Disagree" on Step 13, a new version of Step 13 appears with all the information necessary to file a request for an informal review.

13. Agree/Disagree

Agreed and Requested a Payment Plan by Ray Wilsonzzz on 01/05/20xx 3:48 PM

PAYMENT PLANS (For Recoupments Greater Than \$25,000)

If your recoupment is greater than \$25,000 you may be eligible for a payment plan. Payment plans are not guaranteed and apply only to active contracts. If the contract terminates prior to the completion of the recoupment, any payment plan that was granted no longer applies.

- If your recoupment is for a twelve-month period and is greater than \$25,000, you may request to have it collected over the span of 3 months.
- If your recoupment is for a twelve-month period and is greater than \$75,000, you may request to have it collected over the span of 6 months.
- If the reporting period report is less than a full year with a recoupment greater \$25,000, then HHSC may approve fewer than the requested number of payments in the payment plan.

HHSC Rate Analysis Department must receive your written request for a payment plan at one of the below addresses by hand delivery, U.S. mail, special mail delivery, or email (faxes will not be accepted). A payment plan request must be received no later than the "Review Period Expires" date shown above and below. A payment plan request not received by the stated deadline will not be accepted. A payment plan request post-marked prior to the stated deadline but received after the due date will not be accepted.

A written payment plan request must be submitted to the Director for Long Term Services and Supports, Rate Analysis Department at the below address.

Texas Health and Human Services Commission
Rate Analysis Department, MC H-400
P.O. Box 149030
Austin, TX 78714-9030

Special Mail Delivery:
Texas Health and Human Services Commission
Rate Analysis Department, MC H-400
Brown-Healy Building
4900 N. Lamar Blvd
Austin, TX 78751-2316

The written request for the informal review or extension must be signed by the Legally Responsible Party indicated in Step 13 or their Legally-authorized representative. The mailing instructions for the informal review are also included in **Step 13**.

Email

You may also submit a request for a payment plan to the Rate Analysis Department via email to: RAD-LTSS@hhsc.state.tx.us. The request letter must be:

- printed on the contracted provider's letterhead;
- signed by an individual legally responsible for the conduct of the contracted provider, such as the sole proprietor, a partner, a corporate officer, an association officer, a governmental official, or a limited liability company member; and
- scanned and emailed to the Rate Analysis Department using the above-referenced email address.

Legally responsible person

First Name: Ray
Last Name: Wilsonzzz
Job Title: Director
Entity Name: ZZZ RAD DAHS
Email: ray.wilson@hhsc.state.tx.us
Phone (123-456-7890): 123456789 Phone Extension:
Fax (123-456-7890): 123-456-7890 Fax Extension:

Mailing Address

Street 1 or P.O. Box: 999 test
Street 2:
City: Austin
State: TX
Zip (Plus 4 Optional): 79421



Step 14. HHSC Informal Review

14. HHSC Informal Review

⚠ Read only view.

[Return](#)

General and Statistical

| Step | Sub-Step | Item | Reported Amount | Reconciling Items | Adjusted Amount | Adjusted By | Co |
|------|----------|------|-----------------|-------------------|-----------------|-------------|----|
|------|----------|------|-----------------|-------------------|-----------------|-------------|----|

Expenses

| Step | Sub-Step | Item | Reported Amount | Reconciling Items | Adjusted Amount | Adjusted By | Co |
|------|----------|------|-----------------|-------------------|-----------------|-------------|----|
|------|----------|------|-----------------|-------------------|-----------------|-------------|----|

Revenues

| Step | Sub-Step | Item | Reported Amount | Reconciling Items | Adjusted Amount | Adjusted By | Co |
|------|----------|------|-----------------|-------------------|-----------------|-------------|----|
|------|----------|------|-----------------|-------------------|-----------------|-------------|----|

Revenues

| Step | Sub-Step | Item | Reported Amount | Reconciling Items | Adjusted Amount | Adjusted By | Co |
|------|----------|------|-----------------|-------------------|-----------------|-------------|----|
|------|----------|------|-----------------|-------------------|-----------------|-------------|----|

Summary Table

| Revenue Summary | Total as Submitted | Adjustments | Total After Adjustments |
|--------------------|--------------------|---------------|-------------------------|
| Total Non-Medicaid | \$0.00 | \$0.00 | \$0.00 |
| Total | \$0.00 | \$0.00 | \$0.00 |

| Expense Summary | Total as Submitted | Adjustments | Total After Adjustments |
|---|--------------------|---------------|-------------------------|
| Total Attendant Wages, Benefits and Mileage | \$0.00 | \$0.00 | \$0.00 |
| Total Non-Attendant Wages, Benefits and Mileage | \$0.00 | \$0.00 | \$0.00 |
| Total Administrative and Operations Wages, Benefits and Mileage (less Central Office) | \$1,111.00 | \$0.00 | \$1,111.00 |
| Total Payroll Taxes & Workers' Compensation (Not including Central Office) | \$3.00 | \$0.00 | \$3.00 |
| Total Facility and Operations Expenses (Not including Central Office) | \$0.00 | \$0.00 | \$0.00 |
| Total Central Office Expenses | \$0.00 | \$0.00 | \$0.00 |
| Total | \$1,114.00 | \$0.00 | \$1,114.00 |

Because this cost report indicates participation in rate enhancement in Step 4, your recoupment summary information is being provided below.

In accordance with Title 1 of the Texas Administrative Code (TAC), §355.308(s) for nursing facilities, or §355.112(t) for all other programs, the below Recoupment Summary indicates whether or not the provider is subject to recoupment for failure to meet participation requirements.

If you indicated on STEP 2 of this cost report that you requested to aggregate by program those contracts/component codes held by this Combined Entity which participated in the Attendant Compensation Rate Enhancement for the purpose of determining compliance with spending requirements, the recoupment summary information below represents the estimated total recoupment for all participating contracts/component codes on the cost reports indicated below. This same summary information is displayed on all cost reports affected by the aggregation.

This Step only appears if the provider submits a request for an informal review. It is used by HHSC to make adjustments during the informal review process. Provider will not be able to access this Step until HHSC notifies provider of that adjustments are ready to be viewed.

Appendix A. Uploading Documents into STAIRS

Cost reports submitted without the required documentation will be returned to the provider as unacceptable. See 1 TAC §355.102(j)(2) and §355.105(b)(2)(B)(v).

All instructions for uploading documents into STAIRS and managing and attaching those documents electronically can be found in the STAIRS program by clicking on the Uploading File Instructions file under General Reference Materials at the bottom right hand corner of any screen in STAIRS. The Upload Center itself can be located in STAIRS on the Dashboard through clicking on Manage, to the far right on the header.

Appendix B. Allocation Methodologies

Units of Service: This allocation method can only be used for shared costs where the services have equivalent units of equivalent service and MUST be used where that is the case. An equivalent unit means the time of a service is important: a Nursing Facility (NF) and a DAHS facility both provide a "Day" of service, but one is a 24-hour "Day" while the other is not. An equivalent service means that the activities provided by staff are essentially the same.

Cost-to-Cost: If allocations based on units of service are not acceptable, and all of a provider's contracts are labor-intensive, or if all contracts have programmatic or residential building costs, the provider may choose to allocate their indirect shared costs on a cost-to-cost basis.

Salaries: If allocation based on Units of Service is not acceptable, and all of a provider's contracts are labor-intensive, or if all contracts have programmatic or residential building costs, the provider may choose to allocate their indirect shared costs on the basis of salaries. The two cost components of the salaries allocation method:

- Salaries/wages
- Contracted labor (excluding consultants)

In the cost component above, the term "salaries" does not include the following costs associated with the salaries/wages of employees:

- Payroll taxes
- Employee benefits/insurance
- Workers' compensation

Labor Costs: This allocation method can be used where all of a provider's contracts are labor intensive, or all contracts have a programmatic or residential-building cost, or contracts are mixed with some being labor intensive and others having a programmatic-building or residential-building component. It is calculated based upon the ratio of directly charged labor costs for each contract to the total directly charged labor costs for all contracts. The Five Cost Components of the Labor Costs Allocation Method:

- Salaries/Wages
- Payroll taxes
- Employee benefits/insurance
- Workers' compensation costs

- Contracted labor (excluding consultants)

Total Costs Less Facility Costs: The Total-Cost-Less-Facility-Cost allocation method can be used if a provider's contracts are mixed – some being labor-intensive and others having a programmatic or residential building component. This method can also be used for an organization that has multiple contracts all requiring a facility for service delivery. This method allocates costs based upon the ratio of each contract's total costs less that contract's facility or building costs to the provider's total costs less facility or building costs for all contracts.

If any of these allocation methods are used, the allocation summary must clearly show that all the cost components of the allocation method have been used in the allocation calculations. For example, when describing the numerator and denominator in numbers for the salaries method, the numerator and denominator each should clearly show the amount of costs for salaries/wages and for contracted labor (excluding consultants).

Square footage: This allocation method is the most reasonable for building and physical plant allocations.

Functional: If the provider has any doubt whether the functional method used is in accordance with applicable rules or requires prior written approval from the Rate Analysis Department, send email to RAD-LTSS@hhsc.state.tx.us prior to submitting the cost report.

Time study: The time study must be in compliance with 1 TAC §355.105(b)(2)(B)(i). If the time study is not in compliance with these rules, the provider must receive written approval from HHSC Rate Analysis to use the results of the time study. According to the rules, a time study must cover, at a minimum, one randomly selected week per quarter throughout the reporting period. The allocation summary should include the dates and total hours covered by the time study, as well as a breakdown of the hours time-studied by function or business component, as applicable.

Other allocation method approved by HHSC: Requests for approval to change an allocation method or to use an allocation method other than an allocation method approved or allowed by HHSC must be received by HHSC's Rate Analysis Department before the end of the provider's fiscal year, as described at 1 TAC §355.102(j)(1)(D). To request such approval from HHSC Rate Analysis, submit to RAD-LTSS@hhsc.state.tx.us a disclosure statement along with justification for the change and explain how the new allocation method is in compliance with the Cost Determination Process Rules and how the new allocation method presents a more reasonable representation of actual operations.

If using an alternate allocation method, upload a properly cross-referenced copy of the provider's original allocation method approval request and any subsequent approval letter from Rate Analysis. If the provider's approval request included examples or a copy of the provider's general ledger, include those documents in the uploaded attachments for this item.

Table 1 below provides a summary of appropriate allocation methods for various situations. For questions regarding proper allocation of shared costs, please contact the Rate Analysis Department’s Customer Service Center at RAD-LTSS@hsc.state.tx.us.

TABLE 1. APPROPRIATE ALLOCATION METHODS FOR REPORTING SHARED ADMINISTRATIVE COSTS THAT CANNOT BE REASONABLY DIRECT COSTED

| | | | | | | |
|---|--|--|---|---|---|--|
| <p>Makeup of Controlling Entity's Business Components</p> | <p>Multiple Contracts of the Same (Equivalent) Type of Service</p> | <p>Various Business Components - All Labor-Intensive</p> | <p>Various Business Components - All with Programmatic- or Residential-Building Costs</p> | <p>Mixed Business Components - Some with Programmatic- or Residential-Building Costs and Some Labor-Intensive</p> | <p>Shared Administrative Personnel Performing Different Duties for Different Business Components (not in Direct Care)</p> | <p>Functional Methods</p> |
| <p>Allowable Allocation Methods</p> | <p>Units of Service</p> | <p>Cost-to-Cost Labor Costs Salaries</p> | <p>Cost-to-Cost Total-Cost-Less-Facility-Cost^ Labor Costs Salaries</p> | <p>Total-Cost-Less-Facility-Cost^ Labor Costs</p> | <p>Time Study*</p> | <p>Payroll Department - Number of payroll checks issued for each business component during the reporting period Purchasing Department - Number of purchase orders processed during the reporting period for each business component</p> |

Providers may use any of the methods listed as appropriate for the makeup of their business organization. If one of the approved methods does not provide a reasonable reflection of the provider's actual operations, the provider must use a method that does. If none of the listed methods provides a reasonable reflection of the provider's actual operations, contact the Rate Analysis Department's Customer Service Center at RAD-LTSS@hhsc.state.tx.us for further instructions.

- * See 1 TAC §355.105(b)(2)(B)(i) for time study requirements.
- ^ When using the total-cost-less-facility-cost allocation method, the building (facility) costs to be removed from the cost calculation include Lease/Rental of Building/Facility/Building Equipment; Insurance for those items; Utilities, Maintenance and Contract Services of those items; Mortgage Interest; Ad Valorem Taxes; and Depreciation for Building/Facility/Building Equipment/Land/Leasehold Improvements

Allocation Summary - UNITS of SERVICE

**Adjusted Trial Balance - Sarah's CBA Corp
As of 12/31/2009**

| Expenses: | Total Costs | Disallowed | Austin Direct Costs | San Antonio Direct Costs | Shared Costs | Allocated Shared Costs | |
|-------------------------------|-------------------|---------------|------------------------|-----------------------------|-------------------|------------------------|-----------------------|
| | | | | | | 55.69% Austin | 44.31% San Antonio |
| Salaries | | | | | | | |
| Administrative | 125,347.28 | | | | 125,347.28 | 69,805.90 | 55,541.38 |
| RNs | 45,288.47 | | 25,361.54 | 19,926.93 | - | - | - |
| Attendants | 33,254.88 | | 25,458.97 | 7,795.91 | - | - | - |
| Physical Therapists | 82,588.92 | | 51,205.13 | 31,383.79 | - | - | - |
| Contracted RN | 65,000.00 | | | | 65,000.00 | 36,198.50 | 28,801.50 |
| FICA/Medicare | 21,915.69 | | 7,804.96 | 4,521.66 | 9,589.07 | 5,340.15 | 4,248.92 |
| State & Federal Unemployment | 5,156.63 | | 1,270.51 | 554.46 | 3,331.66 | 1,855.40 | 1,476.26 |
| Workers's Compensation | 0.00 | | 0.00 | 0.00 | - | - | - |
| Employee Benefits/Insurance | 4,847.25 | | 1,254.01 | 889.47 | 2,703.77 | 1,505.73 | 1,198.04 |
| Office Lease | 9,000.00 | | 2,400.00 | 2,100.00 | 4,500.00 | 2,506.05 | 1,993.95 |
| Utilities | 8,945.67 | | 2,385.51 | 2,087.32 | 4,472.84 | 2,490.92 | 1,981.91 |
| Telecommunications | 3,008.16 | | 401.68 | 333.75 | 2,272.73 | 1,265.68 | 1,007.05 |
| Office Supplies | 1,501.80 | | | | 1,501.80 | 836.35 | 665.45 |
| Medical Supplies | 874.64 | | | | 874.64 | 487.09 | 387.55 |
| Insurance - General Liability | 1,254.00 | | | | 1,254.00 | 698.35 | 555.65 |
| Insurance - Malpractice | 1,050.87 | | | | 1,050.87 | 585.23 | 465.64 |
| Travel | 387.98 | 237.65 | 54.36 | 35.74 | 60.23 | 33.54 | 26.69 |
| Advertising | 402.87 | 104.97 | | | 297.90 | 165.90 | 132.00 |
| Miscellaneous | 601.47 | 254.74 | | | 346.73 | 193.09 | 153.64 |
| Totals | 410,426.58 | 597.36 | 117,596.68 | 69,629.03 | 222,603.51 | 123,967.90 | 98,635.62 |

| Units of Service Allocation Percentages: | Units of Service | Percentage |
|--|------------------|----------------|
| Austin | 9,961.00 | 55.69% |
| San Antonio | 7,924.00 | 44.31% |
| | <u>17,885.00</u> | <u>100.00%</u> |

Allocation Summary - **COST-TO-COST**

Adjusted Trial Balance - Healthy Care Provider, Inc. As of 12/31/20XX

| Expenses: | Total Costs | Disallowed | Direct Costs | | | Shared Costs | Allocated Shared Costs | | |
|---|--------------------|-------------------|-------------------|------------------|------------------|-------------------|------------------------|------------------|------------------|
| | | | CBA | CLASS | PHC | | 41.48% CBA | 30.72% CLASS | 27.80% PHC |
| Salaries | | | | | | | | | |
| Administrative | 125,347.28 | | | | | 125,347.28 | 51,994.05 | 38,506.68 | 34,846.54 |
| CBA Attendants | 87,434.22 | | 87,434.22 | | | - | - | - | - |
| CLASS Habilitation Attendants | 65,238.41 | | | 65,238.41 | | - | - | - | - |
| PHC Attendants | 54,975.15 | | | | 54,975.15 | - | - | - | - |
| Supervisors | 33,254.88 | | 13,528.48 | 9,467.85 | 10,258.55 | - | - | - | - |
| Speech Therapists | 249.85 | | 249.85 | | | - | - | - | - |
| CPR Instructor | 2,500.00 | | | | | 2,500.00 | 1,037.00 | 768.00 | 695.00 |
| FICA/Medicare | 28,018.12 | | 7,723.65 | 5,715.03 | 5,009.49 | 9,569.95 | 3,969.62 | 2,939.89 | 2,660.45 |
| State & Federal Unemployment | 6,592.50 | | 2,524.07 | 1,494.13 | 978.51 | 1,595.79 | 661.93 | 490.23 | 443.63 |
| Employee Benefits/Insurance | 4,847.25 | | 1,254.01 | 889.47 | 1,358.41 | 1,345.36 | 558.06 | 413.29 | 374.01 |
| Office Lease | 9,000.00 | | 2,400.00 | 2,100.00 | 2,500.00 | 2,000.00 | 829.60 | 614.40 | 556.00 |
| Utilities | 8,945.67 | | 2,385.51 | 2,087.32 | 2,484.91 | 1,987.93 | 824.59 | 610.69 | 552.64 |
| Telecommunications | 3,008.16 | | 401.68 | 333.75 | 554.37 | 1,718.36 | 712.78 | 527.88 | 477.70 |
| Office Supplies | 1,501.80 | | | | | 1,501.80 | 622.95 | 461.35 | 417.50 |
| Medical Supplies | 874.64 | | | | 874.64 | - | - | - | - |
| Insurance - General Liability | 1,254.00 | | | | | 1,254.00 | 520.16 | 385.23 | 348.61 |
| Insurance - Malpractice | 1,050.87 | | | | | 1,050.87 | 435.90 | 322.83 | 292.14 |
| Travel | 387.98 | 204.65 | 54.36 | 35.74 | 84.97 | 8.26 | 3.43 | 2.54 | 2.30 |
| Advertising | 402.87 | 104.97 | | | | 297.90 | 123.57 | 91.51 | 82.82 |
| Miscellaneous | 601.47 | 254.74 | | | | 346.73 | 143.82 | 106.52 | 96.39 |
| Totals | 435,485.12 | 564.36 | 117,955.83 | 87,361.70 | 79,079.00 | 150,524.23 | 62,437.45 | 46,241.04 | 41,845.74 |
| Cost-to-Cost Allocation Percentages: | Total Costs | Percentage | | | | | | | |
| Total Healthy Care CBA | 117,955.83 | 41.48% | | | | | | | |
| Total Healthy Care CLASS | 87,361.70 | 30.72% | | | | | | | |
| Total Healthy Care PHC | 79,079.00 | 27.80% | | | | | | | |
| | 284,396.53 | 100.00% | | | | | | | |

Allocation Summary - SALARIES METHOD

**Adjusted Trial Balance - Home Health Corp
As of 12/31/20XX**

| Expenses: | Total Costs | Disallowed | Direct Costs | | | Shared Costs | Allocated Shared Costs | | |
|-------------------------------|-------------|------------|--------------|------------|-------------|--------------|------------------------|------------------|-----------------------|
| | | | Austin | Dallas | San Antonio | | 22.87% Austin | 50.59% Dallas | 26.54% San Antonio |
| Salaries | | | | | | | | | |
| Administrative | 125,347.28 | | | | | 125,347.28 | 28,666.92 | 63,413.19 | 33,267.17 |
| Attendants | 87,434.22 | | | | | - | - | - | - |
| RNs | 44,295.84 | Salary | 19,286.35 | 46,289.32 | 21,858.55 | - | - | - | - |
| Therapists | 54,975.15 | Costs | 10,352.45 | 22,576.36 | 11,367.03 | - | - | - | - |
| Contracted RN | 70,000.00 | | 12,094.53 | 29,136.83 | 13,743.79 | - | - | - | - |
| Dietitian | 2,400.00 | | 15,299.99 | 28,145.20 | 19,221.57 | 7,333.24 | 1,677.11 | 3,709.89 | 1,946.24 |
| FICA/Medicare | 28,018.12 | | | | | 2,400.00 | 548.88 | 1,214.16 | 636.96 |
| State & Federal Unemployment | 6,592.50 | | 7,723.65 | 5,715.03 | 5,009.49 | 9,569.95 | 2,188.65 | 4,841.44 | 2,539.86 |
| Employee Benefits/Insurance | 4,847.25 | | 2,524.07 | 1,494.13 | 978.51 | 1,595.79 | 364.96 | 807.31 | 423.52 |
| Office Lease | 9,000.00 | | 1,254.01 | 889.47 | 1,358.41 | 1,345.36 | 307.68 | 680.62 | 357.06 |
| Utilities | 8,945.67 | | 2,400.00 | 2,100.00 | 2,500.00 | 2,000.00 | 457.40 | 1,011.80 | 530.80 |
| Telecommunications | 3,008.16 | | 8,945.67 | 2,087.32 | 2,484.91 | 1,987.93 | 454.64 | 1,005.69 | 527.60 |
| Office Supplies | 1,501.80 | | 401.68 | 333.75 | 554.37 | 1,718.36 | 392.99 | 869.32 | 456.05 |
| Medical Supplies | 874.64 | | | | 487.39 | 1,501.80 | 343.46 | 759.76 | 398.58 |
| Insurance - General Liability | 1,254.00 | | | | | 387.25 | 88.56 | 195.91 | 102.78 |
| Insurance - Malpractice | 1,050.87 | | | | | 1,254.00 | 286.79 | 634.40 | 332.81 |
| Travel | 387.98 | 204.65 | | | | 1,050.87 | 240.33 | 531.64 | 278.90 |
| Advertising | 402.87 | 104.97 | 54.36 | 35.74 | 84.97 | 8.26 | 1.89 | 4.18 | 2.19 |
| Miscellaneous | 601.47 | 254.74 | | | | 297.90 | 68.13 | 150.71 | 79.06 |
| Totals | 450,937.82 | 564.36 | 73,776.60 | 138,803.15 | 79,648.99 | 158,144.72 | 36,167.70 | 80,005.41 | 41,971.61 |

| Salary Method Allocation Percentages: | Salary Costs | Percentage |
|---------------------------------------|-------------------|----------------|
| Total Austin | 57,033.32 | 22.87% |
| Total Dallas | 126,147.71 | 50.59% |
| Total San Antonio | 66,190.94 | 26.54% |
| | <u>249,371.97</u> | <u>100.00%</u> |

Allocation Summary - LABOR COSTS METHOD

**Adjusted Trial Balance - We Care
As of 12/31/20XX**

| Expenses: | Total Costs | Disallowed | CLASS | Direct Costs | | Shared Costs | Allocated Shared Costs | | |
|------------------------------|-------------------|---------------|-------------------|------------------|-------------------|-------------------|------------------------|------------------|------------------|
| | | | | PHC | DAHS | | 41.80% | 21.85% | 36.35% |
| | | | | | | CLASS | PHC | DAHS | |
| Salaries | | | | | | | | | |
| Administration | 125,347.28 | | | | | 125,347.28 | 52,395.16 | 27,388.38 | 45,563.74 |
| RNs | 195,028.62 | | Labor Costs | 87,434.22 | 65,238.41 | 42,394.18 | 17,720.77 | 9,263.13 | 15,410.28 |
| Field Supervisors | 65,238.41 | | | | | - | - | - | - |
| Facility Administrator | 54,975.15 | | | | | - | - | - | - |
| Attendants | 33,254.88 | | | 13,528.48 | 9,467.85 | - | - | - | - |
| Physical Therapists | 45,572.08 | | | 45,572.08 | | - | - | - | - |
| CPR Instructor | 2,500.00 | | | | | 2,500.00 | 1,045.00 | 546.25 | 908.75 |
| FICA/Medicare | 28,018.12 | | 8,073.41 | 5,715.03 | 4,990.38 | 9,239.30 | 3,862.03 | 2,018.79 | 3,358.49 |
| State & Federal Unemployment | 6,592.50 | | 2,524.07 | 1,494.13 | 978.51 | 1,595.79 | 667.04 | 348.68 | 580.07 |
| Employee Benefits/Insurance | 4,847.25 | | 1,254.01 | 889.47 | 1,358.41 | 1,345.36 | 562.36 | 293.96 | 489.04 |
| Workers' Compensation | 0.00 | | | | | - | - | - | - |
| Office Lease | 9,000.00 | | 2,400.00 | 2,100.00 | 2,500.00 | 2,000.00 | 836.00 | 437.00 | 727.00 |
| Utilities | 8,945.67 | | 2,385.51 | 2,087.32 | 2,484.91 | 1,987.93 | 830.95 | 434.36 | 722.61 |
| Telecommunications | 3,008.16 | | 401.68 | 333.75 | 554.37 | 1,718.36 | 718.27 | 375.46 | 624.62 |
| Office Supplies | 1,501.80 | | | | | 1,501.80 | 627.75 | 328.14 | 545.90 |
| Medical Supplies | 874.64 | | | | 487.39 | 387.25 | 161.87 | 84.61 | 140.77 |
| Insurance - Malpractice | 1,050.87 | | | | | 1,050.87 | 439.26 | 229.62 | 381.99 |
| Travel | 387.98 | 204.65 | 54.36 | 35.74 | 84.97 | 8.26 | 3.45 | 1.80 | 3.00 |
| Advertising | 402.87 | 104.97 | | | | 297.90 | 124.52 | 65.09 | 108.29 |
| Miscellaneous | 601.47 | 254.74 | | | | 346.73 | 144.93 | 75.76 | 126.04 |
| Totals | 587,147.75 | 564.36 | 163,627.82 | 87,361.70 | 143,872.86 | 191,721.01 | 80,139.38 | 41,891.04 | 69,690.59 |

| Labor Method Allocation Percentages: | | Labor Costs | Percentage |
|--------------------------------------|--|-------------------|----------------|
| CLASS | | 158,386.27 | 41.80% |
| PHC | | 82,804.89 | 21.85% |
| DAHS | | 137,761.22 | 36.35% |
| | | <u>378,952.38</u> | <u>100.00%</u> |

Allocation Summary - TOTAL COST LESS FACILITY COST

**Adjusted Trial Balance - John's Company, Inc.
As of 12/31/20XX**

| Expenses: | Total Costs | Disallowed | Direct Costs | | Shared Costs | Allocated Shared Costs | |
|-------------------------------|-------------------|---------------|-------------------|-----------------------|-------------------|------------------------|------------------|
| | | | Home Health (PHC) | Adult Day Care (DAHS) | | 57.22% PHC | 42.78% DAHS |
| Salaries | | | | | | | |
| Administrative | 125,347.28 | | | | 125,347.28 | 71,723.71 | 53,623.57 |
| PHC Attendants | 87,434.22 | | 87,434.22 | | - | - | - |
| Adult Day Care Attendants | 33,254.88 | | | 33,254.88 | - | - | - |
| Adult Day Care Drivers | 25,492.12 | | | 25,492.12 | - | - | - |
| Contracted Nurse | 9,482.66 | | | 9,482.66 | - | - | - |
| FICA/Medicare | 18,821.78 | | 8,843.84 | 5,219.57 | 4,758.37 | 2,722.74 | 2,035.63 |
| State & Federal Unemployment | 4,428.65 | | 2,822.33 | 665.10 | 941.23 | 538.57 | 402.66 |
| Employee Benefits/Insurance | 4,847.25 | | 1,254.01 | 889.47 | 2,703.77 | 1,547.10 | 1,156.67 |
| Office Lease | 9,000.00 | | 2,400.00 | 2,100.00 | 4,500.00 | 2,574.90 | 1,925.10 |
| Utilities | 8,945.67 | Facilit | 2,385.51 | 2,087.32 | 4,472.84 | 2,559.36 | 1,913.48 |
| Ad Valorem Taxes | 3,256.88 | Costs | 842.64 | 1,834.64 | 579.60 | 331.65 | 247.95 |
| Maintenance & Repairs | 1,846.74 | | 246.25 | 1,041.67 | 558.82 | 319.76 | 239.06 |
| Telecommunications | 3,008.16 | | 401.68 | 333.75 | 2,272.73 | 1,300.46 | 972.27 |
| Office Supplies | 1,501.80 | | | | 1,501.80 | 859.33 | 642.47 |
| Medical Supplies | 874.64 | | | | 874.64 | 500.47 | 374.17 |
| Insurance - General Liability | 1,254.00 | | | | 1,254.00 | 717.54 | 536.46 |
| Insurance - Malpractice | 1,050.87 | | | | 1,050.87 | 601.31 | 449.56 |
| Travel | 387.98 | 237.65 | 54.36 | 35.74 | 60.23 | 34.46 | 25.77 |
| Advertising | 402.87 | 104.97 | | | 297.90 | 170.46 | 127.44 |
| Miscellaneous | 601.47 | 254.74 | | | 346.73 | 198.40 | 148.33 |
| Totals | 341,239.93 | 597.36 | 106,684.84 | 82,436.92 | 151,520.81 | 86,700.21 | 64,820.60 |

Total Costs-Less-Facility-Costs Allocation Percentages:

| | PHC | DAHS | Totals |
|--|-------------------|------------------|-------------------|
| Total Costs | 106,684.84 | 82,436.92 | 189,121.76 |
| Facility Costs | 5,874.40 | 7,063.63 | 12,938.03 |
| Total Costs Less Facility Costs | 100,810.44 | 75,373.29 | 176,183.73 |
| Allocation Percentages | 57.22% | 42.78% | 100.00% |

Appendix C – Educational Services

Educational services are defined as a structured curriculum for students during the regular school year and extended year services for special education children. Other services, such as summer school for non-special education children, special training courses, pre-vocational training or seminars, are not considered allowable educational services costs and must not be reported on the cost report. Purchased PAL Services expenses should not be reported on the cost report. Tuition for private school must be reported as a Direct Care Non-labor expense in **Step 8.f., Other Direct Care Non-Labor**.

If an outside entity provides educational services at your facility, costs associated with these services are unallowable and should be allocated out of reported costs.

You must complete **Step 5.d.** to offset any reimbursed costs or revenue provided by a state agency, including the Texas Education Agency (TEA), the county, or the local school district, against costs before reporting these costs on the cost report.

Allocation of Building and Equipment Costs

When a building or a space within a building is used for both educational and non-educational purposes, the portion of building and equipment expenses directly related to providing allowable educational services in that building or space is allowed on a pro rata basis. The provider must clearly document the proportion of use for educational purposes.

You must allocate the building expenses based on the square footage between the part used for educational purposes and the part used for non-educational purposes. Describe the allocation method that you used in an attachment to the cost report.

- If the square footage of the entire building is 1,200 square feet and the part of the building used solely for education is 300 square feet, then you must divide 300 by 1200. The result is 0.25 (25%).
- Allocate 25% of the building expenses to the educational services and the remaining building expenses, if used for allowable purposes, to the Facility and Operation Costs Area.

If the space (one, two, etc. rooms within the building) used for educational purposes is also used for non-educational purposes, you must perform a second allocation on the shared building expenses. This allocation should be based on the amount of time (percent of time) the space is used for educational purposes and non-educational purposes. For example, the part of the building used for educational purposes consists of two rooms. The rooms are used 12 hours a day. Of those 12 hours, the rooms are used for 8 hours for educational purposes and 4 hours for non-educational purposes.

- To perform the second allocation, divide the time for educational purposes by the total time the two rooms are used or $8/12$ (.67 or 67%). -This percentage (of costs for the two rooms) is then applied to building expenses in the educational services.

- The remaining 33% of building expenses for the two rooms, if used for allowable purposes, are allocated to the Facility and Operations Costs Area.

Appendix D. List of Useful Lives for Depreciation

STAIRS will assign useful lives based on data input in **Step 8.e.**. Provided below is an abbreviated list of some useful lives as stated in the American Hospital Association's 2008 guide (in alphabetical order from left to right). Refer to the AHA publication for items not listed. The 2008 guide is effective for depreciable assets placed in service during the 2008 and subsequent fiscal years. Depreciable assets placed in service prior to the 2008 fiscal year should follow the guide in effect at the time or the 1993 guide.

| | |
|---------------------------------|--|
| Buildings..... 30 yrs | Light Trucks & Vans.. 5 yrs |
| Building Additions 30 yrs | Buses and Airplanes . 7 yrs |
| Cars and Minivans 3 yrs | Used Vehicles - see 1 TAC §355.103(b)(10)(C)(ii) |

| <u>Asset</u> | <u>Years</u> | <u>Asset</u> | <u>Years</u> |
|---|--------------|--|--------------|
| Air Conditioning-5 tons or more | 10 | Air Conditioning System - Less than 5 tons | |
| | 5 | | |
| Apnea Monitor | 7 | Bath - Whirlpool | 10 |
| Bed - Flotation Therapy..... | 10 | Bed - Electric | 12 |
| Bed - Manual..... | 15 | Beepers - Paging | 3 |
| Bench - Metal or Wood..... | 15 | Bookcase - Metal or Wood | 20 |
| Breathing Unit - Positive Pressure..... | 8 | Cabinet | 15 |
| Camera - Video Tape | 5 | Cart..... | 10 |
| Chair - Geriatric | 10 | Chair - Guest | 15 |
| Chair - Shower/Bath | 10 | Chart Rack | 20 |
| Computer - Laptop | 3 | Computer - Personal | 3 |
| Computer - Printer | 5 | Computer - Software | 3 |
| Cooler - walk-in | 15 | Curtains and Drapes | 5 |
| Desk - Metal or Wood | 20 | Dishwasher..... | 10 |
| Dresser | 15 | Dryer - Clothes | 10 |
| Emergency Generator | 20 | Fax Machine | 3 |
| Fencing - Brick or Stone..... | 25 | Fencing - Chain Link | 15 |
| Fencing - Wood..... | 8 | Files - Regular..... | 15 |
| Flooring - Carpet..... | 5 | Flooring - Ceramic | 20 |
| Flooring - Vinyl | 10 | Food Service Furniture | 15 |
| Guard Rails | 15 | Housekeeping Furniture..... | 15 |
| Intercom System | 10 | Landscaping | 10 |
| Lawn and Patio Furniture..... | 5 | Nurse Call System | 10 |
| Nurses' Counter - Built In..... | 15 | Nursing Service Furniture | 15 |
| Oxygen Tank, Motor, and Truck | 8 | Parking Lot Striping | 2 |
| Paving - Asphalt..... | 8 | Paving - Concrete..... | 15 |
| Photocopier - Large | 5 | Photocopier - Small | 3 |
| Pump - Infusion | 10 | Railings - Handrails (interior) | 15 |
| Refrigerator - Commercial | 10 | Scale | 10 |
| Shrubs and Lawns | 5 | Sofa | 12 |
| Table - Food Prep..... | 15 | Table - Overbed | 15 |
| Table - Wood..... | 15 | Telephone System | 10 |
| Television | 5 | Ventilator/Respiratory | 10 |
| VCR | 5 | Washing Machine - Linen, Large | 15 |
| Wheelchair | 5 | Work Station | 10 |

Appendix E. Self-Insurance

Self-insurance means that the provider has chosen to assume the risk to protect itself against anticipated liabilities. Self-insurance can also be described as being uninsured. To qualify as an allowable self-insurance plan, a contracted provider must enter into an agreement with an unrelated party that does not provide for the shifting of risk to the unrelated party designed to provide only administrative services to liquidate those liabilities and manage risks. Such administrative costs are allowable costs that should be reported in **Step 8.f**.

There may be situations in which there is a fine line between self-insurance and purchased or commercial insurance. This is particularly true of "cost-plus" type arrangements. As long as there is at least some shifting of risk to the unrelated party, even if limited to situations such as provider bankruptcy or employee termination, the arrangement will not be considered self-insurance. Contributions to a special risk management fund or pool that is operated by a third party that assumes some of the risk and that has an annual actuarial review are allowable costs and are not considered self-insurance. Examples of such special risk management funds and pools include the Texas Council Risk Management Fund and the Texas Municipal League Intergovernmental Risk Pool.

- Allowable self-insurance costs for contracted providers include claims-paid (cash basis) costs, paid coinsurance provisions and deductibles and compensation paid to employees injured on the job where the contracted provider has received certificates of authority to self-insure from the Texas Workers' Compensation Commission.
- Contributions to the insurance fund or reserve that do not represent payments based on current liabilities and security deposits related to the Texas Workers Compensation Commission Certificate of Authority to Self-Insure are not allowable self-insurance costs.
- Self-insurance costs in excess of costs for similar, comparable coverage by purchased and/or commercial insurance premiums are subject to a cost ceiling. Documentation substantiating the cost of comparable coverage by purchased and/or commercial insurance premiums must be obtained and maintained as specified in §355.105(b)(2)(B)(ix) of this title. Refer to 1 TAC §355.103(b)(13)(E).

Cost Ceilings

For employee-related self-insurance (health, dental, worker's comp, etc.), the ceilings are either:

- Cost that would have been incurred if purchased through a commercial policy; or
- Cost equal to 10% of payroll of employees eligible for coverage.

For non-employee related self-insurance (vehicle, building, etc.), the ceiling is the cost that would have been incurred if purchased through a commercial policy.

The amount above the ceiling may be calculated and carried over to future periods in the following manner.

For the initial reporting period:

1. Sum the allowable purchased insurance costs and the paid self-insurance claims for the cost-reporting period.
2. Calculate the self-insurance cost ceiling for the reporting period.
3. Compare items 1 and 2. If item 1 exceeds item 2, the costs in excess of the ceiling may be carried forward and expensed in future cost-reporting periods.

For subsequent reporting periods:

1. Sum the allowable purchased insurance costs and the paid self-insurance claims for the cost-reporting period.
2. Calculate the self-insurance cost ceiling for the reporting period.
3. Compare items 1 and 2.
 - a. If item 1 exceeds item 2, the costs in excess of the ceiling may be carried forward and expensed in future cost-reporting periods.
 - b. If item 1 is less than item 2, add excess carry-forward amounts from previous reporting periods until the calculated cost ceiling is met.

Documentation Requirements

Maintain documentation that supports the amount of claims paid each year and any allowable costs to be carried forward to future cost-reporting periods.

For employee-related self-insurance, obtain each fiscal year's documentation to establish what premium costs would have been, had commercial insurance for total coverage been purchased **OR** determine the ceiling based on 10% of the payroll for the employees eligible for receipt of the particular coverage/benefit.

For non-employee related self-insurance, document the cost that would have been incurred if item were fully insured. Documentation must include bids from two commercial carriers and documented bids must be obtained at least once every three years.

Appendix F. Importing Data Into STAIRS

For a smaller provider, the ability of STAIRS to maintain data from year to year will be a positive and time-saving process. It is also possible to import large quantities of asset data into STAIRS. To do so requires that the instructions to prepare a file for upload be followed exactly. If data to be imported is not correctly formatted, it will not import correctly and the system will be unable to utilize the data.

All instructions for importing depreciable assets are found in a Word document at the bottom right of every page in STAIRS. The document is titled "Asset Import Instructions".